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SPECIAL JOB CREATION FOR THE HARD-TO-EMPLOY IN WESTERN EUROPE

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SPECIAL JOB CREATION FOR THE HARD-TO-EMPLOY IN WESTERN EUROPE

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**U.S. DEPARTMENT OF LABOR
George P. Shultz, Secretary**

MANPOWER ADMINISTRATION

FOREWORD

This monograph on job creation for the hard-to-employ in Western Europe is based on two chapters from a large research report, *The Hard-to-Employ: European Programs*, which will be published in the spring of 1970 by the Columbia University Press.

The author is Dr. Beatrice G. Reubens, senior research associate in the Conservation of Human Resources Project at Columbia University. Under a contract with the Office of Manpower Research, Manpower Administration, U.S. Department of Labor, the Conservation Project has been carrying out a series of studies into manpower resources and economic expansion. Several of these studies, in addition to Dr. Reubens' work, are focused on the hard-to-employ:

The Peripheral Worker, by Dean Morse (New York: Columbia University Press, 1969).

Urban Unemployment and Poverty, by Stanley Friedlander, to be published by Columbia University Press in 1970.

"Aging in the Ghetto: The Withdrawal from Work," by Dean Morse (in process).

"Youth Employment and Unemployment: European-American Comparisons," by Beatrice G. Reubens (in process).

Education and Jobs: The Great Training Robbery, by Ivar E. Berg, to be published by Frederick A. Praeger in 1970 (funded by the Center for Urban Education, New York City).

Since Dr. Reubens has written a "Summary and Conclusions," this foreword will be limited to the relevance of her research on job creation to contemporary manpower policy in the United States.

First, a word about the differences between the manpower environment of the United States and that of the countries of Western Europe:

1. The population of the United States far exceeds that of any Western European country.

2. The heterogeneity of the American population, particularly in terms of racial-ethnic characteristics, is greater.

3. The overall rate of unemployment has been consistently higher in the United States—about three times as high as in Western Europe.

4. The proportion of functional illiterates and quasi-illiterates in the United States is higher.

5. There is a stronger commitment in Western Europe to the idea that it is better for people to do some kind of work than to receive assistance without working.

6. Western European countries are further advanced in the elaboration and implementation of an active labor market policy.

7. Coordination between manpower and economic policy is easier to achieve in Western Europe because of the larger role of the central government in both planning and administration.

Dr. Reubens' review of the use of "special public works," to create jobs for unemployed workers of average ability suggests that, while this approach has considerable merit as a countermeasure against cyclical or seasonal unemployment it is less urgent than other measures that might be adopted to deal with structural or regional unemployment. We can anticipate that seasonally unemployed workers will soon be reemployed in the competitive economy, but we cannot make that assumption about regionally unemployed persons unless they move out of depressed areas or economic regeneration takes place.

The first priorities for those affected by regional or structural unemployment are vocational retraining, assistance to mobility, and inducements to enterprise to

make new jobs available in the area. Even extensive programs, however, are likely to leave gaps, and for those who are not covered, created jobs may be desirable. A well-designed special public works program can assist unemployed workers to transfer permanently to areas of job opportunity and aid in developing the infrastructure of selected growth points in depressed regions.

The crucial problem concerns older unemployed workers who are unable or unwilling to relocate. With Operation Mainstream, the United States has faced this issue on a small scale. This program represents a small step toward a recognition that it is better for men to work than to be on the welfare rolls and that for older rural, unemployed workers, migration may not be a workable solution.

Nevertheless, several questions remain. Should not older displaced agricultural workers in areas such as the Mississippi Delta as well as older miners and industrial workers have an opportunity to work on public projects? If so, would it not be necessary to continue the effort for many years—that is, until these older workers reach the age of retirement? Should a preposition be introduced instead for those close to retirement?

Would it be possible in an area such as the Delta to restrict the work program to older workers? If not, and in the absence of other programs to stimulate mobility, would the establishment of such a program act as a deterrent to the relocation of younger workers whose only prospect of competitive employment is through relocating? To the extent that many farmers in the region are underemployed, what criteria could be used to allocate jobs on public works among different groups with varying degrees of need to avoid the necessity of establishing a mammoth program? It appears that special public works have a role to play in a comprehensive manpower program, but they are not a substitute for other policies.

The second major program that Dr. Reubens reviews is "sheltered employment" for the hard-to-employ. A first telling point is that of scale: The Netherlands, for instance, operates sheltered employment on a scale that is proportionately seven times greater than is our current effort. A first challenge for us therefore might be to expand our efforts once we learn that the Europeans have found that sheltered employment has multiple advantages: As a permanent alternative to competitive

employment for the handicapped; as a screening environment to determine whether unemployed individuals are temporarily or permanently handicapped for competitive employment; and, to a moderate degree, as a transition to competitive employment.

Other useful lessons can be extracted from the experience of Europe. The success of sheltered employment hinges in considerable measure on the active participation of management and trade unions. It is important that private enterprise become actively involved through the granting of subcontracts or sponsorship of sheltered workshops.

Another useful concept is the broadening of sheltered employment from industrial work to include white-collar assignments, usually in the public domain.

There is still a critical question. At what point in the evolution of a comprehensive manpower program should we place major emphasis on the expansion of sheltered employment? Dr. Reubens recommends that we proceed modestly until other pieces of manpower policy and programming have been put into place. I agree with her.

For the reasons adumbrated earlier, the manpower problems the United States faces are not directly comparable to those which Western Europe has struggled to resolve with such marked success during the last decade. While our unemployment rates are still relatively high, our major difficulty is not in generating more jobs but in generating more *good* jobs. With millions of persons working full time or part time at wages which do not enable them to live above the poverty level, job creation by government could more easily result in a redistribution of workers from the private to the public economy than in opening new jobs for the unemployed. Regrettably, in this arena, Europe has little to teach us.

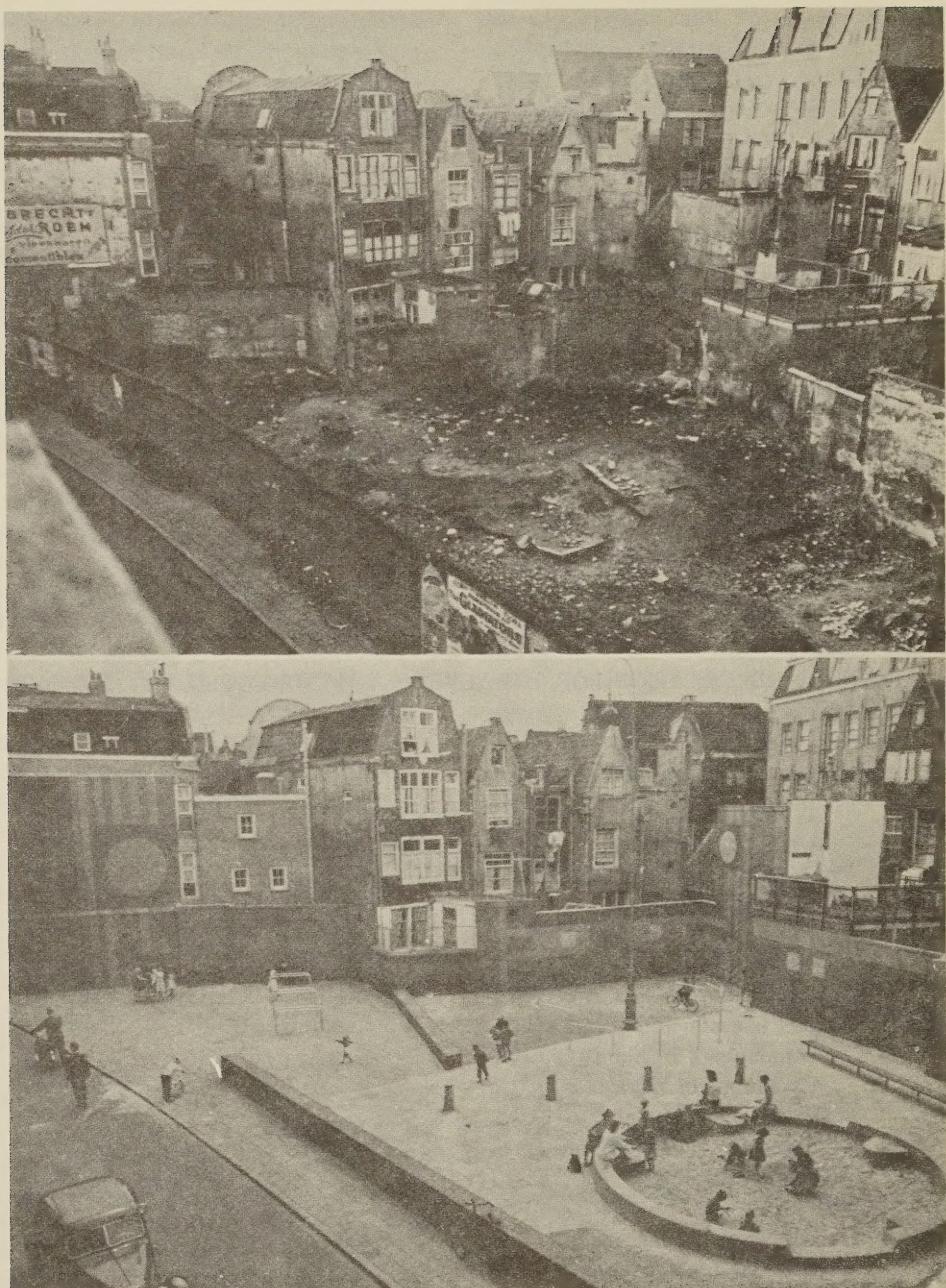
But in other areas we have much to learn. In The Netherlands, for instance, manpower policy draws strength from a consensus that a man who cannot earn his living is a devalued man in the eyes of his country, his wife, his children, his friends.

Of all the lessons in Dr. Reubens' book, this may be the most important. If we learn it, we will then be able to find the proper niche for job creation within an enlarged arsenal of manpower policies and programs.

Eli Ginzberg
Columbia University

CONTENTS

	<i>Page</i>
FOREWORD	iii
INTRODUCTION	1
AN OVERVIEW OF SPECIAL JOB CREATION	3
JOB CREATION THROUGH SPECIAL PUBLIC WORKS	7
Selection of Workers	7
Regional Emphasis	8
Seasonal and Cyclical Variations	10
Costs and Content of Projects	13
Position of Workers	15
SPECIAL JOB CREATION FOR THE SEVERELY HANDICAPPED	17
Evolution of Programs	17
In The Netherlands	17
In Sweden	19
In Great Britain	19
Growth of Programs	20
Organization and Finance	23
In The Netherlands	23
In Sweden	24
In Great Britain	24
Limitations of Data	25
General Issues in Job Creation	25
Standards of Eligibility	25
Conditions of Work	29
Wages and Earnings	29
Specialized Personnel and Services	31
Sheltered Workshops	34
Homework	36
Outdoor Projects	36
White-Collar Job Creation	39
SUMMARY AND CONCLUSIONS	43



The whole community benefits from a proper choice of projects for the hard-to-employ. Above is a corner in Amsterdam before and after the execution of a Social Employment Scheme project. (The Netherlands, Ministry of Social Affairs and Public Health.)

INTRODUCTION

Since World War II, under the pressure of labor shortages, several countries of northwestern Europe have pioneered in assisting the hard-to-employ to find jobs in competitive labor markets. Personnel and resources have been devoted to counseling, special services, vocational retraining, subsidizing and reserving employment in ordinary jobs, and various forms of restraint on dismissals. Some Western European countries have recognized a need for additional measures for the least successful candidates for jobs. Therefore they are committed to deliberate job creation for those who temporarily or permanently find no place in regular employment, even under full employment conditions.

The situations which call for job creation have been identified in an official Swedish statement:

Regardless of the long-term trends, we must, in fact, assume that there will continue to be such unemployment as can only be combated by the creation of additional opportunities for work. The need for such special employment-creating measures can arise from a lack of effective demand, from temporary or local disturbances in employment which cannot suitably be remedied by other methods, or from difficulties in placing unemployed persons owing to their personal circumstances. (*Labour Market Policy in Sweden* (Paris: Organisation for Economic Co-operation and Development, 1963), p. 22.)

The special job creation under discussion must be carefully distinguished from other economic and labor market measures, such as regional industrial development, which also may increase the number of available jobs. Special job creation usually occurs outside of established enterprise structures, stresses labor intensive

NOTE: The material in this monograph relies heavily on interviews and unpublished internal reports and statistics from various Western European countries, as well as on published data. All footnote references have been omitted from the text and the sources of direct full quotations given directly after the quotations. These footnote references may be found in chs. VIII and IX of the full study from which this monograph has been adapted. (See Foreword.)

activities, and fosters socially useful activities which otherwise might not be undertaken at all or might be postponed or done differently. By general agreement, special job creation should be a last resort—to be offered in individual cases only when all other measures to combat unemployment have been tried or found inappropriate.

Special job creation has been undertaken for two main groups in Western European countries. The first group is hard to employ primarily because of structural, regional, or seasonal factors which are intensified during recession periods. Theoretically, the workers are fully employable but need created employment to bridge unemployment periods between regular jobs. Created jobs most frequently are located in regions of exceptionally high unemployment and emphasize outdoor construction work (roads, buildings, water supply, and sewerage projects) and forestry work.

The second group is severely handicapped or unplaceable in existing labor markets for personal reasons, which may be reinforced by lack of skill or by age, location, or industry. These workers' low productivity and other characteristics limit their possibilities of entering or reentering competitive employment under present socioeconomic conditions. Special job creation under the auspices of government in Western Europe makes work opportunities for many who are able to work only under sheltered conditions; work is adapted to handicaps but approximates normal employment as closely as possible. Job creation for the handicapped includes outdoor work, but a prominent feature is sheltered work that produces goods and offers services for sale on the regular market or on subcontracts with government or private industry. Created jobs for the handicapped also offer white-collar, technical, and professional work.

AN OVERVIEW OF SPECIAL JOB CREATION

Commitment to special job creation varies in intensity among the European countries. It is perhaps strongest in The Netherlands and Sweden, whose declarations are matched by their actions. The Dutch labor market authorities explain that "full employment is interpreted quite rigorously; only a very low level of unemployment is permissible . . . [An] important reason for giving high priority to full employment is the unforgotten experience of the mass unemployment of prewar depression days. It left deep scars and made public opinion allergic to any degree of unemployment." The Dutch deplore the human and social wastes of unemployment. They respect the right to work, even the right of those who cannot produce enough to justify the going wage rate or who require a sheltered environment.

In Sweden the ruling Labor Party has declared: "We do not accept any percent of unemployment." It has been a cornerstone of Swedish manpower policy that the provision of employment is, in general, superior to unproductive financial maintenance of the unemployed. Furthermore, social and humanitarian considerations make it "urgent to provide employment even for very low-productive manpower." In both countries, full employment and the high level of social benefits have strengthened the support for job creation for the small minority left behind.

Yet neither the Swedes nor the Dutch feel an obligation to guarantee employment for all the unemployed and certainly not for the underemployed or those whose full-time wages are low. Employed persons are not eligible for created jobs in Western European countries, nor would many seek them. Those European workers whose earnings are low because they work part time usually have chosen such a schedule voluntarily and do not wish a full-time week which might raise their

earnings. A few in low-paid full-time work might be better off in some types of created jobs.

In the United States, on the other hand, perhaps 10 million workers have lower hourly earnings than they would receive at the Federal minimum wage. In addition, millions of American workers who involuntarily work part time might prefer full-time guaranteed jobs. The unemployed are thus only one of the claimant groups for created jobs in the United States.

Not only have the European countries no demand by the employed for their limited supply of created jobs, but they also have excluded many of the unemployed from such jobs by legislative principle, administrative procedures, choice of projects, and budgetary limitations. In no sense can they be said to provide guaranteed employment.

Table 1 shows the extent of job creation in Sweden and The Netherlands, the two countries that lead in this activity, and, for contrast, in Great Britain and West Germany. Although it is not a form of special job creation, employment under the quota system has been shown because some officials maintain that the existence of the quota reduces the need for special job creation. The quota system was introduced in many European countries after World War I in order to guarantee employment to disabled ex-servicemen, but its scope has been broadened in recent years to include not only military and civilian victims of war but also others who are severely handicapped physically or mentally. Under the system, employers are required to set aside a stipulated percentage of their jobs for those who qualify as disabled under the terms of the national law.

The number of registered unemployed is a rough guide to the need for job creation. But some groups for whom jobs are specially created are not canvassed for the

TABLE 1. SPECIAL JOB CREATION IN FOUR WESTERN EUROPEAN COUNTRIES, 1965

Item	The Netherlands	Sweden	Great Britain	West Germany
Civilian labor force	4,374,000	3,749,000	25,109,000	26,699,000
Average monthly unemployment ¹	34,000	45,300	329,000	140,000
Employed under quota system	0	0	404,833	² 478,992
Employed on special public works	³ 2,202	⁴ 4,630	0	(5)
Employed on created jobs for the handicapped:				
Sheltered workshops	⁶ 20,137	⁷ 5,032	⁸ 11,941	2,200
Homework	⁶ 200	⁷ 971	⁸ 1,150	(9)
Outdoor projects	⁶ 6,493	⁴ 3,778	(9)	¹⁰ 3,000
White-collar work	⁶ 1,798	¹¹ 2,525	0	¹² 4,200

¹ The Netherlands unemployment figure is for the labor reserve (unemployed plus those on special public works); unemployment is about 32,000. The figure for Great Britain is adjusted from the total for the United Kingdom.

² As of November 1963.

³ Includes about 70 handicapped unemployed. Excludes employees of contractors. Annual average of monthly count on a single day.

⁴ Special public works program excludes skilled workers. Annual average of monthly count on a single day.

⁵ Since special public works program caters chiefly to handicapped workers, employment in the program is included in the listings below.

⁶ Number at work at end of June.

⁷ Number of places available at end of year.

⁸ Sheltered workshops include 133 trainees. Some sheltered work is on outdoors projects. Number as of December 1965.

⁹ Not available.

¹⁰ Annual average of monthly count.

¹¹ Monthly average for budget year (July 1964–June 1965).

¹² Average for 1964.

SOURCES: Labor force and unemployment: Organisation for Economic Co-operation and Development (OECD), *Observer*, February 1967 and *Economic Outlook* (Paris), July 1967, p. 38; *The Swedish Budget 1969/1970* (Stockholm: Ministry of Finance, 1969), p. 54. Other data: For Sweden—the National Labor Market Board. For Great Britain—Department of Employment and Productivity. For West Germany—Federal Institute for Labor Placement and Unemployment Insurance (BAVAV); H. J. Becker, *The Employment of Seriously Disabled Persons* (Essen: Federal Ministry of Labour and the Social Structure, 1965); *Annual Reports* (Paris: OECD, Manpower and Social Affairs Committee, 1964), MO (64) 10/01, p. 16; and Bent Andersen, *Work or Support* (Paris: OECD, 1966). For The Netherlands—Ministry of Social Affairs and Public Health.

unemployment statistics. Their created jobs therefore do not reduce the count of the unemployed. Most of the unemployed who are placed on special public works are subsequently excluded from the unemployment count, although they continue to be listed as available for work at employment service offices. To discover how much unemployment there would be without job creation and other programs is a complex matter, since each country has its own rules on exclusion and inclusion.

Both Sweden and The Netherlands have permanent, nationwide programs to create jobs in each of the categories distinguished in table 1. Britain has sheltered workshops, homework, and a small number on outdoor projects organized by workshops. West Germany maintains every type of job creation, but the numbers employed under each are small, some programs are conducted jointly, and jobs for white-collar workers are created chiefly for older people in West Berlin. Several other northwestern European countries support one or another type of job creation for the hard-to-employ, quite apart from traditional public works of the anti-cyclical or compensatory variety.

The Netherlands has created more special employment in relation to the size of its labor force and its level of

TABLE 2. SPECIAL JOB CREATION,
THE NETHERLANDS, NOVEMBER 1964¹

Worker classification	Male	Female
UNEMPLOYED		
Full employability	16,442	3,307
Employed on special public works	1,419	0
Reduced employability	9,328	1,319
Employed on special public works	79	0
Employed on created jobs for the handicapped	6,356	835
UNPLACEABLE ²		
Total	16,094	2,536
Employed on created jobs for the handicapped	14,595	2,206

¹ The number of created jobs for the handicapped in November 1964, according to data from the responsible agency, the Complementary Social Provisions Division of the General Directorate for Social Provisions and Labor Relations, Ministry of Social Affairs and Public Health, was 27,615. This table lists only 23,992, using the breakdowns and figures of another directorate of the Ministry.

² Registered but not counted as unemployed because classified as unplaceable.

unemployment than other countries, although Sweden has been catching up in the last few years. To convey the extent and character of Dutch special job creation and indicate the particular hard-to-employ groups which benefit, table 2 shows the situation in November 1964, when unemployment was extremely low. It is deliberate policy that relatively few fully employable jobless men should be provided with created jobs, especially when overall unemployment is low. Because of the nature of the created jobs, described above, fully employable but unemployed women have been excluded from the program.

About two-thirds of those with reduced employability had created jobs. Even in a tight labor market they are difficult to place in competitive jobs. Over 90 percent of

those registered for work but classified as unplaceable in the competitive labor market were in created jobs. From this record it can be seen that the Dutch provision of specially created jobs for the hard-to-employ is highly developed. By mid-1968, Holland had over 45,000 people in created jobs, still exceeding Sweden's record job creation in 1968. In U.S. terms this would amount to about 720,000 created jobs.

A more detailed appraisal of job creation for the hard-to-employ in Western Europe follows. The first section is concerned with job creation for the structurally, regionally, cyclically, and seasonally unemployed, through special public works. The second section focuses on job creation for the handicapped.

JOB CREATION THROUGH SPECIAL PUBLIC WORKS

Each country has its own name and organizational structure for its special public works program of job creation for unemployed persons who are not physically, mentally, or socially disabled, but who are hard to employ, usually because they are unskilled older workers in regions of higher than average unemployment or in seasonal or declining occupations and industries. In Holland, where the program is called Supplementary Employment (Aanvullende Werkgelegenheid), it is entirely distinct both from ordinary public works and from outdoor projects for the handicapped. However, a few handicapped workers in isolated districts are permitted on Supplementary Employment projects, as table 2 indicates. Sweden also has an Emergency Public Works program (Allmänna Beredskapsarbeten), but the line of demarcation between this program and outdoor created jobs for older, immobile workers, listed with jobs for the handicapped in the next section, is not sharp and raises statistical problems for recent years.

In the programs of other countries, such as West Germany's Productive Work Relief (Wertschaffende Arbeitslosenhilfe) and Belgium's system of centrally subsidized employment provided by the local authorities (Pouvoirs Publics), one administrative unit handles services for all types of hard-to-employ persons. Separate programs for distinct groups emerge when central governments play a leading role and when the total program is relatively large.

selection is left entirely to the local authorities, who also choose and execute the projects. The Central Government, through the manpower agency, merely allocates the subsidy funds according to the amount of unemployment and the size of the request from each area. West Germany also relies on local initiative and administration, but there is more central decision about where subsidy funds are most needed.

The Netherlands uses a particularly formal and complex method of selecting men for its centrally administered special public works program. All registered unemployed men between 21 and 65 who have been classified as fully employable are screened by the local employment service, and a certain number are declared "suitable for placement in Supplementary Employment." Because of the nature of the projects, selections are limited almost entirely to unskilled manual workers, and preference is given to older workers.

As a result of the decline in the proportion of unskilled workers in the labor force, smaller percentages of the male labor reserve (unemployed plus those on Supplementary Employment) have been classified as suitable for Supplementary Employment over the years: in 1958, 1959, and 1960, one-fourth or more were found suitable, but by 1963 the percentage had fallen to less than 12 percent and it has remained at that level or lower since then.

Those actually placed on Dutch projects are only part of the suitable group because of budgetary limitations and the location and labor needs of individual projects. Placement is carried out by the local employment service offices in accordance with directives indicating the order of placement. The directives are formulated by the central Directorate for Supplementary Employment Policy in consultation with the Advisory Committee for Supplementary Employment (a subcommittee of the

Selection of Workers

The method of selecting candidates for special public works varies from country to country. In Belgium,

Central Advisory Committee for Manpower, which includes representatives of labor, management, and such other groups as the Netherlands Union of Municipal Authorities). On the average, 70 to 75 percent of all suitable and available workers are assigned each year, but in 1963 the proportion was as low as 49 percent.

Sweden requires that unemployed candidates for special public works meet certain tests of citizenship, age, and willingness to work and that they be classified as unlikely to obtain work soon in the open market. They also may be given a means test and assigned a waiting period before being referred to a project by the local employment service office. Advanced age, lack of suitability for competitive jobs, heavy family responsibilities, need for income, firm local ties, and an expectation of lengthy unemployment are the criteria used to select people for the limited supply of jobs.

The workers selected are those who are thought to have a good potential for reentering the competitive job market. This standard draws a clear distinction between persons hired for special public works and older, immobile workers placed in projects for the handicapped.

Most of those actually chosen for special public works in Sweden and Holland have been older men. In Sweden, about 75 percent of the men have been over 45, and in the early 1960's, 20 to 25 percent were over 60. The Dutch, who discharge men from special public works when they reach 65, consider 50 and over as the upper age group; in most years this group constitutes from one-half to three-fourths of all men on special public works. Holland does not quite match Sweden in providing created employment for older unemployed men. In both countries, however, the proportion of older men is higher on special public works than it is in the male labor force or among unemployed men.

Workers on the projects in both countries have come overwhelmingly from agriculture (or forestry in Sweden), construction, and miscellaneous unskilled occupations. It is likely that these backgrounds also predominate among the nonhandicapped on special public works projects in Norway, Denmark, West Germany, and Belgium.

One concomitant of job creation through special public works is the need to employ a considerable number of supervisory and skilled workers on projects, even though their skills may be in short supply in the rest of the economy. If a country uses private contractors to carry out its special public works, as The Netherlands does, these skilled workers are not considered part of the program, although their wages figure in cost calculations.

But if, as in Sweden, all contractors' employees are counted and the projects' skilled workers (*särskild yrkeskunng arbetskraft*) are referred by the employment service, they are counted in the total employment provided by the program. This study excludes the skilled workers wherever the data permit.

Regional Emphasis

Several European countries use special public works to supplement and reinforce an array of regional development, seasonal stabilization, and geographical mobility programs which, along with other labor market measures and full employment conditions, have greatly reduced unemployment rates in the regions of traditionally high unemployment. However, these areas continue to have proportionately more idle workers than other areas; and, in fact, the relative gap between the highest and lowest regional unemployment rates may increase as the overall rate declines.

As a result, the centrally planned job creation programs in Sweden and Holland, for example, have a persistent bias in favor of their northern areas, which have a higher incidence of structural and seasonal unemployment. In December 1965, 92 percent of the men on Swedish special public works projects resided in the seven northern forestry counties; 43 percent were from one of these counties, Norbottens, where over 50 percent of the unemployed men were placed on project employment. Although the balance may have shifted somewhat since 1965, the northern counties still play a major role in terms of expenditures and man-days worked. Their share of the created jobs remains larger than their proportion of Sweden's population, labor force, or registered unemployment.

In Holland, about 90 percent of those deemed suitable and actually employed on special public works are found in the four northern provinces of Groningen, Friesland, Drenthe, and Overijssel. In these provinces, there has been a downward trend in the proportion of the male labor reserve declared suitable for Supplementary Employment, but it still is considerably higher than the national proportion.

Such a heavy representation from these areas is due partly to their higher unemployment rates and partly to the tendency of the projects to accept larger proportions of the suitable unemployed from these regions than from the rest of the country. The dominance of these

regions in the program is little affected by fluctuations in unemployment from month to month or over the years.

The high concentration of project workers in a few areas has created policy and planning problems for the special public works programs. Although the accepted principle is that workers should live within easy traveling distance of their jobs, it is not always possible or desirable to conduct enough projects at the places where the unemployed live. As of June 1968, the Swedish Labor Market Board provided barracks or dormitories for 2,943 workers on special public works and outdoor projects for the handicapped; about 10 percent of the workers on all types of created jobs thus were housed by the government. In the past, when Holland had more workers on projects than it has had in the 1960's, barracks were used by those who had to work away from home. Recently, foreign workers have occupied the buildings.

To counteract the heavy regional imbalance, a few Swedish unemployed men from the seven northern forest counties have been placed on projects in the central and southern areas in the hope that they might transfer permanently to another area and competitive open-market employment. The transferred men have constituted 6 to 8 percent of the total number in the program; in 1967-68, they numbered 500.

Despite these transfers, the bias in favor of the north has persisted and has aroused opposition in other areas. Some Swedish employers have maintained that the location of a large proportion of the projects in the northern areas was fostered by local political interests that feared depopulation and the consequent erosion of their communities' tax bases. The communities welcomed any roads and other improvements which promised to enhance their competitive position. As a result, it was charged, many roads were built in the stagnant north as special public works at the very time when the bustling areas of the south and center needed more new roads.

The newer approach has been to use special public works projects and outdoor projects for older, immobile workers to build up the infrastructure and facilities of selected economic development areas in the north, instead of spreading the effort thinly throughout the region. In 1967-68, increased general unemployment in Sweden had especially adverse effects on the north. The usual road work, forestry, and water and sewerage projects were not sufficient for those needing created jobs. As a supplement, larger projects were established in the populated coastal areas of the north where unemployment had become a problem. Some unemployed workers from the isolated inland communities were placed on

these projects, using daily bus transportation or camps provided by the Labor Market Board.

As part of the special public works program, municipalities have built factories for rental to private enterprise. Vocational training centers to prepare workers for the new enterprises have been erected as special public works. Prefabricated houses have been assembled, and buildings have been repaired. These measures not only provide employment immediately but also give promise of making additional future employment possible. However, the construction of buildings involves high costs per man-day, and such projects have been increasingly rejected for special public works.

The Netherlands, which has used the same approach in its northern provinces, has attacked the high cost problem by establishing special subsidy rules for expensive projects in development areas. These rules were set up jointly by the Ministry of Social Affairs and Public Health, which administers special public works, and the Ministry of Economic Affairs. The recession of 1966-68 reinforced the Dutch interest in using special public works for regional development purposes and also led to a greatly increased regular public works program in these areas.

The dominance of the northern areas in the Swedish program persists in spite of a desire "to sever the selection of projects from the present dependence on the domicile of the unemployed," as the government and the tripartite committee on labor market policy recommended in 1965-66. A countervailing pressure is exerted by the need to provide jobs for displaced older small landowners and forestry workers in sparsely populated regions and for other "older workers or persons tied to their domicile for other reasons." Special public works jobs in the north increasingly have been concentrated in a few population centers which give promise of being viable. In addition, the solution of transferring many of the older workers to the handicapped division has been tried in Sweden, but it is considered by some to be an administrative and budgetary device to win public approval, rather than a substantive change.

The tripartite committee in 1965 questioned whether created jobs, which should be of brief duration and lead to regular jobs, were a remedy for the long-term unemployment which affects many of these older and immobile workers. Swedish surveys showed that workers had been on created jobs for long periods. A third in 1961 and 22 percent in 1963 had been at work on projects for over a year, while 47 percent in 1961 and 35 percent in 1963 had been employed for over 9 months. The proportions were even higher in the northern

counties. A 1969 survey of all workers on outdoor projects showed no marked change.

Clearly, some conflicts exist between the needs of the unemployed in the north and the other pressures on and functions of the special public works program. The greater the regional disparities in unemployment rates, the greater is the need for created employment in the distressed or underdeveloped areas and the more difficult it is to find urgent and economical projects in those regions.

Seasonal and Cyclical Variations

Administrators of the special public works programs attempt to respond to seasonal and cyclical variations in unemployment. Lagging behind the seasonal movements of unemployment by 1 to 2 months, the Dutch program reaches peak employment in February or March and its minimum level in September or October. The Swedish program has the same high months but tends to reach its lowest level in July or August.

The gap in total project employment of skilled and unskilled workers between the highest and the lowest months can be substantial. For example, Sweden reached a high of 11,067 men at work during February 1967, following a buildup from a low of 1,880 in July 1966. The average for calendar year 1967 was 3,660 men. For the sake of the workers, the program tries to provide jobs soon after unemployment occurs. Thus, a Swedish survey in October 1959 showed that 36 percent of those referred to projects had been unemployed for under 1 month and only 21 percent had been out of work for over 4 months.

These countries also desire to curtail specially created employment as private enterprise shows a seasonal or cyclical expansion. If potential employees are tied up on created jobs, the special public works program will be in conflict with basic labor market policy. However, Swedish authorities have observed that the seasonal cutback of project employment in the spring frequently makes little contribution to the labor supply, since many of the released workers become unemployed or underemployed until the next expansion of project employment.

The attempt to coordinate the number of men on special public works projects with seasonal and cyclical fluctuations in unemployment imposes several kinds of tasks on the administrators of the program. Good unem-

ployment statistics and forecasts of unemployment are required. In The Netherlands, monthly unemployment statistics are subdivided into categories which aid the policymakers. The employment service, through its regional and local offices, estimates the numbers likely to be suitable for Supplementary Employment 6 months in advance. In Sweden, the Labor Market Board office in each county forecasts in May or June the expected need for special public works employment in the following budget year (July through June); this is subject to later modification. In 1963, the adequacy of Swedish unemployment data for such forecasts was questioned by the examiners of Swedish labor market policy from the Organisation for Economic Co-operation and Development (OECD). Some new and improved data, based on household surveys, have subsequently been collected.

Additional elements in the achievement of proper seasonal and cyclical timing are the stockpiling of projects long in advance, a wise choice of new projects from the stock or pipeline to absorb the increase in unemployed, and a prompt distribution of the unemployed among existing and new projects on a week-to-week basis.

In Holland, the functions are initiated at the regional level under Provincial Employment Committees consisting of representatives of the provincial authorities, the regional representatives of the Public Works Directorate, the Land Improvement Service, the district offices of the Supplementary Employment Service, and labor and management organizations. Since the reclamation and drainage of land and the building of dikes are important as projects in Holland, the relevant agencies are also represented.

The Working Committee of the aforementioned groups draws up regional plans twice a year from its varied stockpile and also regulates the initiation, acceleration, deceleration, and termination of projects. Central assessment and supervision of regional plans and coordination of Supplementary Employment policy with the Government policies on economic growth, tourism, and recreation are exercised by the Supplementary Employment Service and an interdepartmental Public Works Coordination Board. Many projects are devoted to increasing and improving recreational facilities for citizens and tourists.

The Swedish system is centralized in the Labor Market Board, which has a technical division to devise, finance, and supervise special public works based on estimates of job needs from each county. The Board also conducts many projects itself and has its own construction organization, machinery, and stores, thus supplementing the projects planned and executed by the municipalities, some special provision for the Lapps in the extreme north, and

the projects of a dozen and a half Central Government agencies. All levels of government draw up 5-year programs from which projects for special public works are selected. Planning subsidies are made by the Labor Market Board to other government agencies and nonprofit or private groups, which may hire private architectural and engineering firms to aid them in planning a stockpile of suitable projects.

Budgetary provision is made each year by the Central Government for its subsidy to special public works; discretionary amounts may be spent through the Labor Market Board without further legislative authorization if circumstances warrant. The municipalities generally are subsidized to one-third of their total costs, but larger grants are permitted to districts with high and persistent unemployment. The municipalities accounted for about one-fifth of the man-days in 1967-68. Central Government subsidies plus outlays by individual agencies at the national level have accounted for over 85 percent of the total expenditures on special public works in recent years.

Private contractors are used to carry out many special public works projects. In addition, some large lumber companies and individual farmers obtain projects for private lands, paying a reasonable market cost for the work. An estimate of the extent of nongovernmental organization and execution of special public works may be made from the 1967-68 official report, which in some categories includes projects for the handicapped. One-third of the Labor Market Board's total expenditure of 212,500,000 Swedish kronor (Sw. kr.) on its own projects and 28 percent of its total man-days of work were under the direction of entrepreneurs or nonprofit institutions. Private sources also created jobs directly on private lands and property, and they supervised the expenditure of 16,700,000 Sw. kr., of which the government contributed 62.5 percent. These jobs entailed 62,600 man-days of work, of which 44,600 man-days were for special public works. In all, special public works provided 1,754,700 man-days of work.

The Dutch have been generally satisfied with their timing performance, but Sweden has encountered difficulties in reducing project employment quickly. These problems have been attributed to the large role of road construction and other heavy building activities which, if left unfinished, involve substantial losses. The tripartite committee on labor market policy indicated that timing difficulties were due in part to the fact that special public works were not included in the ordinary activities of the various government departments. As a means of closing this gap, the committee suggested that some unemployed persons be placed on an experimental basis on regular public works

and road construction jobs. The Riksdag did not act on this point, however.

One type of buildup in project employment specifically disapproved by the tripartite committee was that of men who alternated each year between regular seasonal jobs and special public works projects in the off-season. The committee felt that the opportunity to eke out a full year's work in this fashion might keep some younger and middle-aged workers attached to occupations and localities which offered no full-time future. However, more workers are actually immobile than the theorists expect, and provision of jobs for some of them may be the only recourse if other labor market measures are unsuitable.

The 1966-68 recession in Western Europe revealed that less reliance is now placed on special public works jobs to counter cyclical unemployment than was the case in earlier years or than might have been expected. Table 3 indicates only slight upward movements in the numbers employed on projects in the four countries studied and significant declines in the proportion of unemployed males on these created jobs in the two countries for which such calculations were made. The explanation lies chiefly in the increasing resort to other labor market measures, such as retraining, the expansion of regular public works, added investment in development areas, and other countercyclical economic and financial measures which absorbed some of the potential and actual unemployed.

Sweden, whose 1966-68 recession lasted longer than that in other countries and was intensified by structural changes in the economy resulting from international competition, has shown how a variety of measures permitted the special public works program to increase very modestly at a time when substantial numbers were losing their jobs. The first effort involved private enterprise; in February-March 1968, when seasonal factors deepened the recession, some 23,350 persons were kept from unemployment by various actions which maintained or increased the number of private jobs. About 20,000 others indirectly gained jobs through the release of company investment reserve funds, advance orders to industry from government, and authorization of government and private construction ahead of schedule.

Another 34,900 were taken off the labor market temporarily by their enrollment in vocational retraining courses. In addition, a number of unemployed youth were kept on in schools for extended training courses. Finally, special job creation for those who are handicapped in the labor market provided for 28,360 persons. The large increase in this category was in part the result of a redefinition of the groups considered to be handicapped in the labor market and the inclusion of older, immobile men

who formerly would have been eligible for special public works. In addition, recently discharged older industrial workers who might have qualified for special public works were placed instead in a new type of workshop organized by the Labor Market Board.

In all, some 111,600 workers were saved from possible unemployment in February–March 1968 by labor market and economic measures, leaving the special public works program to care for no more than 12,000, including the skilled workers on projects, through created jobs. In March 1968, 51,933 persons were still registered as unemployed and not on any of the aforementioned programs. This was a higher total than normal frictional and seasonal factors would produce, but it could have been as high as 175,000, had Sweden not offered such varied alternatives to idleness. And the special public works program might have been called upon to play a much larger role.

The fact that the Swedish special public works program did not expand greatly during the recession did not mean that it could continue in its accustomed fashion. Pressures developed from several groups of unemployed who pre-

viously held few or no created jobs on special public works projects. Certain prosperous areas of Sweden which had little need for projects in the earlier period of full employment now had to devise useful and suitable work for displaced local workers. Local governments played a more active role in creating jobs involving municipal functions, such as water supply, sewage disposal, and road maintenance, supplementing regular activities. The type of projects which had long been familiar in the northern communities were introduced in some middle and southern municipalities (*kommunal regi*). Nevertheless, projects initiated by the municipalities and private authorities accounted for only 22 percent of the man-days on special public works in 1967–68. Workers still relied primarily on Central Government projects which tailored their geographic distribution to local job needs.

Another change was the inclusion of a number of youth under 25 in special public works. Since the recession had a considerable impact on young school leavers and older youth, the Labor Market Board in October 1967 adopted an activity program to combat unemployment among

TABLE 3. EMPLOYMENT ON SPECIAL PUBLIC WORKS, SELECTED COUNTRIES, 1954–1968

Year	The Netherlands ¹		Sweden ²		Belgium ³ Average number of unemployed on special public works	West Germany ⁴ Average number of unemployed on special public works	
	Average number of unemployed on special public works	As percentage of male unemployed plus those on special public works	Average number of unemployed on special public works	As percentage of male unemployed plus those on special public works		Excluding West Berlin	Including West Berlin
1954	14,100	20.6	....	....	....	56,000	....
1955	11,900	24.1	....	....	....	....	....
1956	10,067	27.0	....	7.0	9,790	23,000	....
1957	10,559	22.0	1,788	6.7	5,343	....	....
1958	16,174	17.7	3,219	8.5	10,464	15,000	....
1959	13,760	19.3	8,469	22.3	17,279	12,000	20,000
1960	7,603	17.1	5,006	19.8	9,833	6,400	13,000
1961	4,123	13.1	2,265	11.3	7,114	....	9,000
1962	2,850	10.0	3,853	17.6	6,661	....	6,000
1963	1,786	6.2	8,356	28.0	6,057	....	4,000
1964	2,004	7.8	5,658	20.0	6,266	....	4,000
1965	2,202	7.3	4,630	22.2	6,062	....	3,000
1966	1,800	4.5	3,416	13.9	5,669	....	2,000
1967	2,400	3.5	3,660	11.4	5,706	....	2,450
1968	2,100	2.8	4,898	11.6	5,719	....	3,000

¹ Excludes employees of contractors. For 1968, number is estimated and percentage is based on average unemployment for first 8 months.

² Excludes skilled workers referred by the employment service. Figures for 1957, 1958, and 1959 include a small number of handicapped who in later years were separated out. Percentages after 1963 are not strictly comparable with earlier years. Figures for 1968 are an average of the first 9 months, excluding estimated number of skilled workers.

³ Includes the handicapped. Figure for 1968 is an average of the first 7 months.

⁴ Includes many handicapped.

SOURCES: The Netherlands, Ministry of Social Affairs and Public Health; Sweden, National Labor Market Board; Belgium, Institut National Statistique, *Bulletin de Statistique*; West Germany, Federal Institute of Placement and Unemployment Insurance.

youth. Its five leading points consisted of a rapid expansion of training facilities within the vocational education system; increased utilization by youth of adult retraining courses; the creation of temporary housing for youth accepting employment outside their home areas; increased job creation for handicapped and maladjusted youth; and improved employment services and information.

The Labor Market Board budget for 1969-70 called particular attention to the need for an increase in special public works for young workers up to 25. Conceding that vocational training is the best solution for youth facing unemployment, the Board noted that other expedients have to be tried because many youth feel that their compulsory schooling has lasted long enough and want jobs immediately. Others are not interested in training or lack the aptitude for it. Therefore, young people need created jobs in periods of unemployment. In fact, however, the economic situation improved markedly, and the special projects which employed a few hundred youth at the maximum have now been closed.

The innovation which may have the greatest long-run significance is the extension of Swedish special public works to unemployed technical and professional workers for whom other programs were inappropriate or lacking. New types of projects had to be devised to fit the skills of these groups. Women, previously excluded, now could be assigned to created jobs, although their numbers on special public works are likely to remain small. The projects gave created jobs to about 140 unemployed engineers, technicians, and student trainees. The tasks to which they were assigned may be characterized as supplementary public service projects which support existing governmental functions. Some made surveys of buildings for the revision of tax assessments, while others located and mapped water and sewerage systems in 10 municipalities. Toward the end of 1968, some white-collar workers were assigned to the Industrial Medicine Institute, where their task was to chart all of the mines, tunnels, and factories where workers run a considerable risk of contracting silicosis. The Technical Division of the National Labor Market Board assists in finding projects for traditional and innovative special public works.

In the first year, 1967-68, the new groups accounted for only 1 percent of the total man-days on special public works. But the National Labor Market Board recognizes a need to increase job creation for unemployed white-collar and service workers on projects which permit them to exercise existing skills and which facilitate their transfer to jobs in the competitive labor market.

Costs and Content of Projects

It appears that the failure of the special public works programs to expand during the recent recession (indicated in table 3) is partially attributable to persistent problems regarding costs and choice of projects. Even if there were no difficulties in timing and in matching project employment to the needs and location of workers, the special public works programs, much more than other manpower programs, would be plagued by conflicting objectives involving the costs and content of created jobs.

An overriding issue is the cost of created jobs versus the cost of other labor market measures to aid the unemployed. Sweden, which earlier found two-thirds of its generous manpower budget devoted to the creation of jobs year after year, has repeatedly stressed that retraining courses and mobility allowances cost much less per capita and have more enduring effects. The rising costs and other features of created jobs have led some Swedish authorities to press for less emphasis on created jobs and more on maintenance of income for those who can be reabsorbed quickly by the competitive market as well as for those displaced workers who are unlikely to work again before retirement. The Dutch authorities noted that rising costs per man-week were one of the chief factors in the pending changes in Supplementary Employment policy.

Since the need for created jobs is not completely eliminated by a great expansion of other types of measures, efforts are made in the European countries to understand and control the rising costs of special public works. Several bases are used for the analysis. Sweden has been comparing the costs of special public works projects with the costs when the same work is done under the ordinary government departments.

Analyzing road construction, which accounted for about 50 percent of man-days of work and almost 60 percent of total costs of special public works in 1965, the Swedish tripartite committee on labor market policy found several inevitable reasons for lower output and higher costs on the special public works. They were carried out mostly in the winter, the most expensive time for construction. When they were forced to curtail operations in the spring or when cyclical forces increased demand in the rest of the economy, the result was either expensive completion of operations or wasteful unfinished work. Because the basic purpose of the projects was to provide employment, many unskilled, and perhaps unsuitable, workers were used, reducing average productivity. Finally,

restrictions on the use of machinery had been adopted to make construction projects more labor intensive. While the costs per man-day were thus reduced, the total costs of the special public works projects were higher than the costs of comparable work done by labor-saving methods.

Restrictions on the use of machinery were never entirely effective. Through mechanization in the 1960's, labor costs fell to one-fifth of total costs and the overall need for labor declined markedly, but the proportion of skilled workers required to operate the machinery rose, further reducing the places for unskilled jobless workers. In addition, most of the skilled workers were not candidates for special public works and could have found alternative employment.

Mechanization at once reduces the number of openings for unskilled workers and raises the costs per man-day of hiring them. Nevertheless, the tripartite committee recommended that all restrictions on mechanization and the use of skilled workers should be lifted and that the test of low man-day costs be supplemented by a comparison with the costs of doing the work by prevailing advanced methods. The committee acknowledged that certain projects would become entirely uneconomic.

The choice of projects is complex, as the Swedish Riksdag indicated in laying down the guiding principles of future labor market policy in May 1966:

The selection of projects for relief work is, generally speaking, no easy task. The projects should be of such importance that they would in any case be carried out within the next few years. They must also be of such type that they can mainly be carried out during the winter and be interrupted at short notice. Finally, they should preferably also provide employment for workers without previous experience of similar work. In a situation when the general employment level is high but certain unemployment pockets exist, which call for relief work, it is necessary to take care not to select projects with significant secondary effects on the economy. In such cases labour must account for a great share of total costs. If all the above requirements cannot be satisfied, the requirement that the project should be of definite importance must always be fulfilled. (*Modern Swedish Labour Market Policy*, p. 97.)

A significant difference exists between the Dutch and Swedish programs on the issue of the urgency of the project. While the Swedish practice is to take parts of the regular 5-year public works plans for the special public works projects, the Dutch specifically seek useful projects which otherwise would not be done at all as normal work or would be done much later. Yet both countries have been facing much the same type of problem with regard to the costs and content of special public works.

In 1965, as table 4 shows, roads and building construction projects accounted for the bulk of the work-time on Swedish special public works projects, and both had high man-day costs. The Labor Market Board had urged reductions in the expensive projects and a search for labor-intensive work such as light forestry work, which needs little supervision, few skilled workers, and almost no machinery. The Board appears to have made some progress, according to the report for the fiscal year 1967-68. However, the mechanized, high-cost projects are still prominent—roads, water supply and sewerage projects, and some building construction, including barracks for project workers assigned away from their homes. The cost problem has not yet been solved in the Swedish special public works program.

The Netherlands also concluded that its Supplementary Employment program should be altered, largely because of the rising costs per man-week due to increased mechanization. Holland has had a smaller proportion of work-time on roads and buildings than has Sweden. The difficulty noted by the Dutch is a scarcity of low-cost projects, such as soil improvement, and a disturbing rise in the cost of supervisory personnel on these projects. Both Holland and Sweden conduct and subsidize projects on privately owned lands, provided the owner pays a stated portion of the costs, but private lands thus far have not been an important source of projects.

Another reason for changing the program, foreseen by Dutch authorities in 1966, was that the number of suitable unskilled unemployed will continue to decrease. At the same time changes in the nature of the projects and the criteria used for selecting workers will be required because "the system as it stands offers no remedy for the growing groups of unemployed, such as skilled workers and administrative personnel." As we have seen, Sweden has begun to remedy this deficiency through special projects, although the primary reliance is on further education and retraining. Sweden has also used job creation in a new fashion for youth leaving school, a group heretofore rarely included. The Labor Market Board's forecast of policy for 1969-70 called for the creation of suitable transitional jobs for workers laid off due to closures of plants as well as for agricultural and forestry workers displaced by structural change.

The adaptation of special public works to the characteristics of the unemployed is a persistent and difficult issue. However, Western European countries do not have the additional burden of avoiding projects which conflict with the vested interests of trade unions and professional groups. Nor do they have to set aside socially desirable projects for fear that potential workers might consider the activities personally degrading.

TABLE 4. SPECIAL PUBLIC WORKS, EMPLOYMENT AND COSTS, BY TYPE OF WORK, SWEDEN, 1965

Type of work	Man-years worked	Man-day costs (Swedish kronor)
Total	5,701.9	422
Roads	2,895.1	367
Public road construction	1,714.5	459
Road repair and maintenance	567.7	237
Forest roads	566.3	213
Other roads	46.6	394
Building construction	1,531.2	637
Factories	843.9	650
Other	687.3	621
Harbors, lighthouses, docks, bridges, and channels—repairs and improvements	71.9	582
Waterworks and sewerage—repairs and improvements	545.1	364
State railways—work on tracks and rights-of-way	50.3	252
Timber floatways—repairs and improvements	2.0	288
Armed forces—fortification repairs and other	66.2	339
Reforestation and allied projects	396.6	108
Other	143.5	347

SOURCE: National Labor Market Board, Technical Division.

It is likewise worth noting that Western European countries have not been troubled—as other countries might be—by high costs due to inefficiency, corruption, leakage of funds, competitive and overlapping activities of agencies, and the choice of inappropriate or private-benefit projects. Characteristically, also, neither The Netherlands nor Sweden has voiced any dissatisfaction over its method of executing special public works projects. The Dutch use of private contractors with their own basic labor force on a fixed price or a wages-plus-costs basis suits their pluralistic approach. Sweden controls the hiring of the skilled workers and uses public bodies to carry out a substantial number of projects. Such cost problems as have been discussed are inherent in this form of job creation and are not administratively remediable.

Position of Workers

Support by workers for special public works arises from the superior income they provide, compared with maintenance programs such as unemployment insurance. Wages on special public works are at the prevailing rates for similar work in the competitive labor market, and project wages and fringe benefits often are negotiated according to trade union agreements. Therefore, many project workers suffer no loss of income, and some may earn more through assignment to a higher paid occupation. They also maintain continuity of eligibility for all social benefits. Project work has respectability and acceptability; no stigma is attached to it. At the same time, the

hours of work, discipline, pace, and other conditions resemble normal work so closely that project jobs are not viewed as loafing, and pride is taken in the completion of schedules. European officials complain neither of recruitment problems nor of reluctance of project workers to transfer to the open market. Indeed, since a limited supply of project jobs is rotated among eligible unemployed men, there is a sense of achievement in obtaining project work.

What does project work do to maintain and improve skills? The nature of the projects definitely restricts the possibilities. Some workers on project jobs obtain an introduction to construction work while their basic attachment to forestry and agriculture is being eroded by lack of year-round work. The projects may also serve as a bridge to regular construction work, which in many European countries is open to unskilled recruits and is the chief way of introducing agricultural people to industrial life. There is little formal training on any of the projects. Sweden is exceptional in that it establishes construction projects involving repairs and conversions of buildings in order to maintain the construction skills of older unemployed workers. But in general, special public works are not a good source of training or a means of stimulating personal development and upward mobility. Nevertheless, project jobs maintain work habits in a normal work setting. This is regarded as an important function in Europe, where upward mobility is not promised so freely as it is in the United States.

Another goal of project work is the transfer of large numbers of workers directly to jobs in the competitive labor market. The record here has been disappointing. The Netherlands reported that only 795 of the 7,759 men who held project jobs during 1964 left special public works because they had found work in the open market; in 1965, the ratio was slightly higher, 946 out of 7,420. The usual pattern is that a project worker who is dropped when the budget contracts remains unemployed for some time and eventually finds work or returns to a project.

In Sweden, the tripartite committee on labor market policy was dissatisfied with both the rate of transfers to competitive work and the machinery available for effecting transfers. The Government agreed in 1966 that a placement officer from the employment service should be added to the staff of certain major projects. However, it will take several years to determine whether direct placement services are a sufficient remedy or whether greater emphasis on training and upward mobility is needed in project work itself. Above all, tighter labor markets are required.

It may be asked why the European countries are so devoted to job creation through special public works in light of the relatively limited benefits project workers seem to obtain and the various administrative, financial, and operational difficulties which accompany even the best organized program. In fact, Sweden regards special public works as the most important means at the disposal of labor market policy to achieve a rapid short-term increase in employment. The Netherlands calls the program one of the major potential instruments of labor market policy. Implicitly, these nations regard the benefits, broadly conceived, as greater than the costs.

The features of special public works that are valued are the speed of implementation, the ability to vary the magnitude of the impact, the capacity to exercise a selective geographic and occupational effect, the potential for limiting or encouraging secondary effects on the economy as required, and the utilization of idle labor for projects which contribute to the general welfare. The relative importance of special public works may decline if full employment is maintained more consistently and other types of economic, fiscal, and labor market measures are used more effectively. It may be assumed, however, that this sort of job creation, perhaps in revised form, will remain an important feature of labor market policy in many Western European countries.

SPECIAL JOB CREATION FOR THE SEVERELY HANDICAPPED

As we have seen, special public works provide jobs for able men. In addition, some countries offer special job creation for another group—those whose age and financial circumstances indicate that they should be employed, but whose productivity in relation to accepted wage levels or whose behavior and work attitudes are currently unacceptable to employers, despite labor shortages.

Even countries which have made strenuous efforts to place the severely handicapped in competitive labor markets continue to have a residual group. Many could be vocationally rehabilitated for the competitive market, given sufficient time and expense. But present methods are too costly in view of the expected returns and the alternative claims on the limited supply of rehabilitation facilities. Improvements in vocational rehabilitation techniques may aid future cases, but not these current unplaceables.

Many might also become employable if management undertook a wide-ranging redesign of production methods, but this is not likely in the foreseeable future. Similarly, economic and technical change in years to come may open new job opportunities for groups which are excluded from current job structures. But for the present these potential workers remain a problem.

Most modern societies have accepted two simultaneous and overlapping methods of providing for those who are severely handicapped or unplaceable in the labor market. One method has been to make cash payments, which provide a limited command over goods and services to unplaceables with no other source of income. The other approach, often through private philanthropic efforts, has stressed deliberate job creation. Historically, voluntary agencies have tended to favor selected disability groups, have covered the

country unevenly, and have provided a low standard of living to their beneficiaries.

Dissatisfaction with these approaches has led several Western European countries to undertake the large-scale creation of special jobs outside of ordinary enterprise structures in order to implement “the right to work” and to offset the inability of unplaceables to compete for normal employment opportunities. The Netherlands, Sweden, and Great Britain have the most important public programs to create “productive, remunerative employment...under conditions specially designed to meet the temporary or permanent employment needs of handicapped people,” in the words of the International Seminar on Sheltered Employment at The Hague in 1959, reaffirmed at the Stockholm seminar in 1964.

The size, structure and even philosophy of these programs vary somewhat from country to country, but all embody the principle of offering productive employment to the handicapped.

Evolution of Programs

In The Netherlands

The Netherlands not only has the largest job creation program for the severely handicapped in relation to the size of its labor force, but it also has had a sizable program for a longer period than other countries. Holland initiated its Municipal Social Employment program for manual workers (G.S.W.) in 1950 and for nonmanual workers (S.W.H.) in 1953 because large numbers of persons with severe physical, mental, or

social handicaps were unable to obtain regular employment or to qualify for special public works (Supplementary Employment). The Dutch definition of eligibility for created jobs has been broad from the outset and includes pioneering efforts to employ the mentally retarded. Older workers, youth in moral or social trouble, former prisoners, alcoholics, and even "querulous persons, cross-grained fellows, intriguers" are also sought out. Those who never worked before are accepted, and "this has been a great blessing for thousands of persons who have been handicapped from their birth or childhood . . .," according to Dutch publications.

The emphasis on the provision of work, according to Dutch sources,

corresponds with the appreciation of labour as a condition for social prestige and human happiness as these are seen in our western civilization. A man who cannot earn his living is a devalued man in the eyes of the community, of his family, his wife, his children. . . . Without social prestige it nowadays is hardly possible for any human being to maintain moral standards and therefore, society being such as we have shaped it into, it is our duty to take care that social prestige may come within anybody's reach, also of the disabled.

The objective of the Social Employment program is stated to be the creation of remunerative, productive jobs in special enterprises in order to increase, maintain, or restore social independence and capacity for normal employment. A spirited case is made for such programs:

The work performed . . . protects against the mental and moral dangers inherent in forced idleness. The performance of *productive* labour gives the worker the gratifying idea of being engaged in and of being of importance to the production process. . . . The wages they earn with their work free them from the state of dependence. . . . [R]eference should also be made to the psychological aspects, the value of which is difficult to assess, but which is none the less real, because in most cases those working under the scheme will feel they are gradually becoming useful members of society again. . . .

Production, either directly for the benefit of the community, or for the commodities market or for certain industries which have commissioned work, is only one aspect of the social scheme for providing employment. . . . Another aspect which should be borne in mind is that the persons concerned would for the rest of their lives be dependent on Government assistance. . . . [T]hey would either have been granted a benefit under some government regulation or have become charges on the municipality. (European Seminar on Sheltered Employment, The Hague, 1959, pp. 31, 39).

This statement, in which various elements of a benefit/cost analysis are roughly assembled, goes on to recognize that government must subsidize the wages of those on created jobs. Since these subsidies offset the savings to government from reduced claims on other government benefits, it is further argued that the wage subsidy is justified because many of the workers on created jobs are rehabilitated and eventually enter or re-enter the competitive labor market. They then cease to

draw subsidized wages and can become taxpayers, whereas pensioners or relief recipients are a permanent drain.

Furthermore, the wage subsidy is needed because social workshops, some of which might be self-supporting if they accepted the most favorable subcontracts, must choose those subcontracts and jobs which contribute most to the rehabilitation of their workers. Finally, the guiding principle of Social Employment, whether on outdoor public works or in workshops, is that a close resemblance to normal industry must be maintained in all respects. This implies that capital must be invested in up-to-date machinery and modernized buildings and offers another justification for government subsidies.

Much of the implicit evaluation of the program in Holland is based on the assumption that a high proportion of the workers on created jobs will move on to competitive jobs. This is also an important part of the Swedish rationale for public expenditures. Yet, as is shown later in this monograph, in all countries the vast majority of people on created jobs for the severely handicapped do not succeed in obtaining regular jobs. Even in the early days of the programs, when more employable workers were taken in, only a minority transferred to competitive employment. As the programs expanded and accepted workers of lower productivity, the rate of transfers tended to level off or drop. In fact, most holders of created jobs for the handicapped are in "substitute permanent employment," the term coined in an OECD study.

The contradictions inherent in a program devoted to rehabilitating everyone for competitive employment which in fact succeeds with only a tiny proportion has led Dutch officials to defend created jobs for those who must work indefinitely under sheltered and subsidized conditions:

For these persons the work they perform within the framework of the Social Employment scheme is the most they can attain; yet even these workers—though under sheltered conditions—are also doing productive work. . . . These activities do not in any way bear the mark of just keeping the man busy. Through adapted work the man is given the opportunity to earn his living through a real job.

There is another defense of sheltered work as long-term or terminal employment which is of some importance in Holland. It is the use of created jobs as a substitute for, or supplement to, institutional or home care, especially of the mentally retarded or ill. The social and personal gains are considerable because fewer personnel are needed in the work situation than in custodial or home care, thus freeing professionals and family members for other work. Furthermore, many who would otherwise be institutionalized are able to live in

hostels, in boarding houses, in selected private homes, or with their families. Finally, under full-employment conditions, the output from created jobs constitutes a net addition to the economy and does not deprive other workers of jobs, although the cost of production may exceed ordinary costs. But at the root of all Dutch calculations is the consideration that modern society tends to guarantee a minimum standard of living to all whether they work or not and that participation in the world of work is intrinsically valuable.

In Sweden

Sweden's expansion of public job creation for the handicapped began in the 1960's as part of its active manpower policy. The Swedish view, expressed in official publications, is that "even during a high level of business activity, the need for sheltered employment for disabled persons will remain unsatisfied." The Swedes see a general trend on the labor market toward increased need for employment-creating measures for the handicapped, namely, those who "cannot immediately or in the long run find work on the open market." As broad a definition of the handicapped as was noted in Holland has been adopted by Sweden, and every type and combination of physical, mental, or social disability is included.

Apart from the long-run need for a steady increase in created jobs, Sweden is also concerned about expansion in the shorter recession periods. An official statement in the 1968-69 budget proposal to the Riksdag declares:

Development in recent years has shown that [handicapped persons] face special difficulties in times of rapid economic change. Their difficulties are further increased when the demand for labour slackens. Since full employment includes everyone, society must make special efforts in the form of relief work as well as sheltered and semi-sheltered employment. (*The Swedish Budget, 1968/69*. A summary published by the Ministry of Finance, Stockholm, 1968, p. 27.)

In an earlier statement, Swedish authorities described the varieties of created jobs in terms which cover the main forms in use in other countries as well:

Sheltered workshops—a working environment without competition from other labour—offer a form of employment that in strain and tempo is adapted to the handicapped persons' capabilities. Municipalities, in particular, and voluntary organizations have arranged such workshops. . . . Employment for the handicapped is also provided in special outdoors jobs with low general demands. Institutions and authorities have so-called archives work available as a form of training and sheltered employment for white-collar workers and educated

refugees. Some persons who, for medical or social reasons, cannot be placed in open employment, can be given work to be done at home. (*Labour Market Policy in Sweden*, p. 21.)

The Swedish authorities maintain that a created job permits an idle person to train "for a new occupation and at the same time make a productive contribution under specially arranged conditions." It is emphasized that, to the greatest possible extent, created jobs should "serve as preparation for employment on the open market," but no stigma attaches to those who remain behind.

In Great Britain

Great Britain pioneered by bringing the National Government directly into the creation of sheltered jobs. In 1945, as a consequence of World War II, the government set up Remploy, Ltd., as part of a comprehensive program for the disabled. Remploy is a non-profit public corporation which is entirely financed by the Central Government and whose Board of Directors is appointed by the Secretary of State for Employment and Productivity (formerly the Minister of Labour). From its head office in London, Remploy supervises some 90 factories throughout Great Britain which offer sheltered employment to about 7,500 severely disabled persons. Britain's remaining created jobs are in traditional workshops, homework, and a few outdoor projects. The emphasis is on creating jobs for manual workers, and there are no separate white-collar projects.

In comparison with Sweden and Holland, Britain has fewer created jobs, both in absolute and relative terms. One of the chief reasons is that Britain establishes created jobs only for those who are severely disabled physically or mentally. Britain does not provide sheltered employment for the socially maladjusted or handicapped or the less severely disabled who may be hard to employ. The incidence of these conditions appears to be no smaller in Britain than in Sweden or Holland. It has been suggested that the British services of rehabilitation, training, job counseling, and placement open up many jobs in competitive industry and that the need for sheltered work is consequently reduced. However, there is no evidence that Britain provides more or better services than, say, Sweden or that Britain achieves a higher rate of acceptance of marginal workers in open employment.

Therefore, we may conclude that Britain has a smaller number of created jobs, even for the physically and

mentally disabled, not because of a lesser need, but rather because of philosophical, administrative, and financial limits on the program. Created jobs are regarded as an economic burden on the British Government and have not been made a part of labor market policy or the commitment to full employment. Yet Britain is ahead of other large European nations in this field, and its considerable accomplishments should not be slighted.

The British exclusion from sheltered work of all who are not seriously disabled has been challenged by officials of the Ministry of Labour, now the Department of Employment and Productivity. After conducting intensive interviews with able-bodied, long-term unemployed men, the officials reported that personality difficulties and an unfortunate appearance constituted important ingredients in border-line employability and called for solutions not presently available:

These men are not eligible for sheltered employment . . . under the present arrangements . . . and they therefore experience great difficulty in securing normal employment. There is an apparent need for facilities which would provide openings for the below average man who is nevertheless anxious to work, and such opportunities might also remove from the less willing the excuse that they cannot find any suitable vacancies. (Great Britain, Ministry of Labour, OECD International Counseling Project, *Report of Follow-up Action, 3rd August to 17 September 1965*, p. 6.)

A distinctive feature of British sheltered workshops is their acceptance of the possibility that their workers may not move to competitive employment. The Personnel Director of Remploy has said:

The true sheltered workshop is one which is designed primarily to provide long-term employment for those who cannot expect to benefit from a planned rehabilitation programme—at least to the extent of being able in the foreseeable future to enter into competitive employment. (D. R. Molloy, "Management and Staff Requirements," International Seminar on Sheltered Employment, Stockholm, September 1964.)

And the Executive Director of Remploy told the 1959 Hague Seminar on Sheltered Employment:

I see no reason why severely handicapped people for whom no other suitable work is available should not be proud to work in a sheltered factory or workshop, and, above all, there should be no stigma attached to such employment. (Air Commodore G. O. Venn, "Labour Conditions and Relations," European Seminar on Sheltered Employment, The Hague, 1959, p. 129.)

British officials have challenged the view that rehabilitation always implies a return to competitive employment. They state that the opportunity to advance within a sheltered workshop may be superior to transfer to less skilled work outside:

... rehabilitation can take place within a sheltered workshop, especially if the sheltered workshop is run on businesslike lines

and has an industrial rather than an institutional atmosphere. Rehabilitation lies in a person's satisfaction in knowing that he is doing a useful job and making the best use of his abilities—not necessarily in the place where he works.

As we shall see, the differences in viewpoint between Britain and the leading continental nations on the issue of the return to competitive work have some day-to-day impact on the organization and conduct of created jobs. At a minimum, the belief that created jobs can be a bridge to normal employment has stimulated the growth of the Swedish and Dutch programs.

Growth of Programs

At the outset in 1950, created jobs in Holland were to be "of an additional character, interfering as little as possible with the existing employment situation," according to an official statement. This stipulation was not surprising in view of high general unemployment, the use of subsidized emigration to relieve pressures on the job market, and the rapidly growing population. As a result, open air projects of a public works character furnished almost all of the created social employment for manual workers in the first years.

In 1953, a decision was made to favor workshops because open air projects did not offer a sufficient variety of jobs or training opportunities for the program's declared purpose of rehabilitating workers for normal employment. Furthermore, outdoor jobs in parks and similar places were unsatisfactory for women, mentally retarded youth, and persons with certain disabilities. Conversely, workshops provide an environment and type of work more suitable for many handicapped people: the disabled work indoors, assembling auxiliary parts or doing benchwork under subcontract to private firms, or making products or providing services for sale (such as furniture, leatherwork, clothing, bookbinding, and packaging).

Table 5 shows that employment in Dutch sheltered workshops increased faster than jobs on open air projects in the second half of the 1950's and that during the 1960's the number employed on outdoor work actually declined through 1965, while sheltered work rose rapidly. Thereafter, both increased substantially, in response to the recession of 1966. The Dutch absorption of several thousand new entrants in sheltered workshops between mid-1966 and mid-1968 was a considerable accomplishment. It was not done by organizing new workshops, which is time consuming, but rather by expanding the capacity of existing workshops. Because a

number of workshops completed their long-planned replacement of old buildings in this period, they were able to expand total employment easily. It has been characteristic of job creation programs in most countries that a certain amount of underutilization exists at all times due to high rates of turnover, particularly among those leaving because of illness. At the same time, waiting lists and unmet needs are also common, because of geographic factors, time lags in filling places, and administrative regulations.

The shifting emphasis in Holland in the early years toward sheltered workshops permitted the increased participation of women in the Municipal Social Employment Scheme for manual workers (*Gemeentelijke Sociale Werkvoorzieningsregeling voor Handarbeiders: G.S.W.*). In 1959 only 1,238 G.S.W. workers were women; by 1965, the women numbered 5,398. Hence the ratio of women to men participants is close to the proportion of Dutch women among both the registered disabled and the unemployed with reduced employability.

The expansion of the Dutch workshops also facilitated the absorption of handicapped young people, especially the mentally retarded and ill. For example, in 1961, it was estimated that of the 6,000 mentally defective

persons working under sheltered conditions, three-fourths were in workshops and one-fourth were on outdoor projects. The proportion of workers in workshops whose handicap was primarily mental rose from 19 to 39 percent from 1959 to 1965. In the same period the workshops showed a marked increase in the proportion of workers under 35; they rose from 21.3 to 34.3 percent of the total. By contrast, the age composition of those in open air projects showed no discernible trend in this period.

In 1965, when all created jobs in Holland for the handicapped in blue-collar work employed almost 27,000 workers, 40 percent were primarily physically handicapped, 36 percent were primarily mentally handicapped, 8 percent had a combination of physical and mental handicaps, and the remaining 16 percent had social or character maladjustments. More than half of the workers on created jobs were chosen from those whom the employment service had declared "unplaceable," and the remainder were of reduced employability (*minder geschikten*).

Table 5 indicates that Sweden—later to start its public programs and slower to increase them in the first years than Holland—has rapidly expanded its programs, espe-

TABLE 5. JOB CREATION FOR THE SEVERELY HANDICAPPED, THE NETHERLANDS AND SWEDEN,
1954–1968

	Outdoor projects		Sheltered workshops		Home workers, Sweden ³	Projects for white- collar workers		Total population ⁶ (thousands)	
	The Netherlands ¹	Sweden ²	The Netherlands ¹	Sweden ³		The Netherlands ⁴	Sweden ⁵	The Netherlands	Sweden
1954 . . .	7,556		1,817	436	90			10,615	7,213
1956 . . .	6,980		5,779	614	500		832		
1958 . . .	9,119	32	10,475	1,020	709	1,598	878		
1959 . . .	9,765	150	12,639	1,246	741	1,925	1,152		
1960 . . .	9,275	556	14,989	1,577	783	1,876	1,360		
1961 . . .	8,304	825	16,606	1,878	789	1,716	1,523		
1962 . . .	7,491	1,387	17,254	2,164	773	1,604	1,635		
1963 . . .	6,894	2,105	17,851	3,273	759	1,631	1,903		
1964 . . .	6,793	2,580	18,995	4,268	767	1,639	2,194		
1965 . . .	6,493	3,778	20,337	5,032	971	1,798	2,525		
1966 . . .	6,848	4,525	21,935	6,257	941	2,072	2,848	12,455	7,808
1967 . . .	8,332	8,279	24,812	7,466	1,108	2,476	3,301		
1968 . . .	10,032	13,474	28,743	9,175	1,031	3,264	4,146		

¹ Number at work at the end of June. The figures on sheltered workshops include a few hundred homeworkers.

⁵ Averages for budget years.

² Annual averages.

⁶ Populations in both countries showed a steady increase between 1954 and 1966.

³ Number of workplaces available at the end of December. Actual number at work is slightly lower.

⁴ Number at work at the end of June. Excludes artists receiving grants, about 600 a year recently.

Sources: The Netherlands, Ministry of Social Affairs and Public Health; Sweden, National Labor Market Board; United Nations, *Demographic Yearbook*.

cially the outdoor projects in recent years. However, comparability may be affected by the inclusion in Swedish statistics on the handicapped of older, immobile workers with slight chance of finding new jobs.

The overall increase in Swedish job creation resulted from the guidelines laid down by the tripartite committee on labor market policy in 1965 and the parliamentary resolution and Royal Ordinance of 1966 and was stimulated by the recession of 1966-68. As in Holland, Swedish outdoor projects are not used extensively for women, the mentally retarded, or the mentally ill, but they do serve the socially maladjusted as well as older workers who are tied to rural areas or declining industries and who formerly were placed on special public works projects.

A major innovation in Sweden during the recession in 1966-68 was the creation by the Labor Market Board of industrial emergency workshops for groups of redundant older factory workers who could neither find other jobs locally nor move away. The present form was devised as it became clear that a substantial number of older factory workers, including women, were being discharged because of rationalization and reorganization of firms as well as the international recession. In industries not undergoing structural change, such workers are helped to retain their jobs by advance orders from government to private firms and occasionally by government purchase of firms about to close down, but such action is unsuitable where long-run rationalization is involved.

The new industrial workshops somewhat resemble sheltered workshops, but the administration and clientele are entirely distinct. The authorities hope that workers will stay in the workshops only until the employment service can work out a plan to return them to competitive jobs. Some workshops are said to be operating at commercial efficiency. Hence workers in these shops presumably are qualified for ordinary employment.

The new industrial workshops are important because they are started by the Labor Market Board rather than by the municipalities, they place groups of redundant workers in familiar occupations, and they satisfy the need for work with low man-day costs. Relying on subcontracts obtained by the Labor Market Board from industry and government, the shops started in 1966 with 169 workers and by April 1969 had 650 workers in over 20 workshops. The 20,000 man-days worked in the workshops in 1966-67 rose to 94,700 in 1967-68.

With a smaller population and labor force, Sweden has surpassed The Netherlands as to the numbers in two types of created jobs for the severely handicapped,

namely outdoor projects and white-collar jobs, but it is behind in sheltered workshops. By 1973 Sweden expects to have over 17,000 places in sheltered workshops; the Labor Market Board considers the actual need to be considerably larger. However, the numerical leadership in Europe may remain with Holland, especially since Great Britain has much smaller numbers in sheltered work. In addition to about 7,500 workers in the Remploy system, the British Department of Employment and Productivity's subsidies and direction have led to the revitalization of 60 workshops for the blind. They are organized by local authorities under legal compulsion, served about 3,700 persons as of October 1966, and have recently devoted about 10 percent of their places to severely disabled sighted persons. Some 825 blind homeworkers are also supported through government subsidies. Finally, workshops for the sighted disabled which are organized by local authorities or voluntary agencies are subsidized on the same terms as workshops for the blind. In October 1966, 1,732 persons were employed in 57 workshops of this type compared to 40 workshops with about 800 workers in 1959.

The statistical comparisons among the countries are confined to the officially recognized and subsidized programs of specific government agencies. We cannot count precisely the additional numbers of created jobs attributable to the activities and subsidies of other government agencies or the unsubsidized sheltered workshops maintained by voluntary agencies and business firms. Some examples of government programs which are not counted in the statistics are the sheltered jobs in prisons and youth schools, which increasingly resemble ordinary industrial activities. Sweden has introduced an experimental program to pay prisoners going wage rates for normal work. In turn, the prisoners pay full income tax, room and board to the prison at market rates, and family support. In Britain, the Department of Health and Social Security subsidizes occupational work centers, mental hospitals, and other institutions that create jobs, usually for those whose capacities are below the sheltered workshop standard.

Some of the voluntary institutions that create jobs with or without subsidy establish long-term residential centers or villages for paraplegics, the tuberculous, or other groups of handicapped people who require segregation or special living conditions. The provision of work opportunities is part of a total program. Voluntary agencies also organize and finance sheltered workshops which are wholly or partially unsubsidized by government. Central Government subsidies are declined or forfeited because of the desire to cater to groups which

are excluded by the public programs, such as people beyond pensionable age or below a specified work capacity. Some shops, therefore, may receive state subsidies for only a portion of their workers and overhead, but may obtain county and local funds. Certain voluntary agencies forego subsidies due to a reluctance to submit to government supervision and a desire to depart from the regulations. For example, a Dutch workshop which pays its workers higher wage rates than are stipulated by the governmental regulation, and therfore is unsubsidized, receives private contributions and conducts profitable business operations.

A few business firms maintain unsubsidized sheltered workshops or positions for their own disabled employees. In Sweden, where provision by employers for their own workers tends to be generous, a survey in 1966 among the largest private and public industrial enterprises in the country (500 employees or more) showed that only 15 out of 245 firms had true sheltered divisions or workshops on their premises. A sheltered workshop within the firm is likely to be far more satisfactory to the workers concerned than assignment to such light tasks as sweeper or doorkeeper. There is, however, a certain amount of job creation within industry when disabled or older workers are retained, even if they are not in a separate workshop.

While the total number of persons in miscellaneous and unsubsidized created jobs is not known, it is believed to be small in Sweden, The Netherlands, and Great Britain. In some instances, the work provided is closer to occupational therapy or diversionary activity than to regular employment. We therefore concentrate on the public, subsidized programs.

supervision of outdoor projects, social workshops, projects for nonmanual workers, and grants to artists, is able to obtain good coverage, uniformity of conditions, and a balanced distribution of people among programs. In administering its programs, the division maintains a close working relation with the Social Affairs and Public Health Ministry's General Directorate for Manpower, especially the employment service.

The actual decision to initiate job creation and the choice of programs rest with the authorities of 960 municipalities. The municipality is considered the best agency for determining the local need for created jobs because it administers unemployment assistance and public welfare payments as well as various social services. In 1960, 530 municipalities participated and at present only a small number are not represented. A municipality may act alone or jointly with other municipalities, or it may delegate the execution of the program to a "foundation," a legal entity which has job creation as one of its main objectives and which has municipal representatives and other government officials on its executive board. The municipalities receive and distribute the state subsidies, which are given after a representative of the Central Government's Complementary Social Provisions Division is satisfied that all requirements have been met and that the costs are properly compensable.

Central Government subsidies (formerly 75 to 90 percent but now flexible) cover wages, bonuses, vacation pay, charges for social insurance programs, and travel expenses of workers. Subsidies are also available to help pay the salaries, social charges, and other expenses of management, work supervisors, and industrial medical officers. Various transportation costs of the business are also subsidized. The annual financial reports of each social workshop and project are sent to the Complementary Social Provisions Division, and the subsidy percentage for the next year is varied accordingly. Open air projects generally receive the highest permissible wage subsidy of 90 percent; the residual costs are paid by municipal, provincial, and private sources. Capital costs are usually met by the municipalities and private philanthropic agencies, but provincial governments may make loans or grants toward the establishment and equipping of workshops which otherwise might not obtain sufficient financing.

Social Employment committees must be established in each municipality to pass on admissions to programs, the application of the national wage system, hours of work, the choice of activities, and similar matters. These committees are composed of at least three representatives of official agencies (the municipality, the Com-

Organization and Finance

In The Netherlands

The Netherlands has a highly unified organization; all types of job creation for the severely handicapped are administered by the Complementary Social Provisions Division of the General Directorate for Social Provisions and Labour Relations. The Directorate is part of the Ministry of Social Affairs and Public Health, which has jurisdiction over all labor and manpower programs. The Complementary Social Provisions Division, through its general

mentary Social Provisions Division, and the employment service) and three representatives of the leading workers' organizations (Protestant National Federation of Trade Unions, Roman Catholic Workers' Union, and National Federation of Trade Unions). On issues of more than local importance, the municipalities require the consent of the Minister of Social Affairs and Public Health, who is advised by a committee on which the trade unions, employers' associations, municipalities, and Ministry are represented.

In Sweden

The Swedish organization is more complex. Because outdoor projects for the handicapped evolved as an offshoot of special public works for fully employable men, these programs at the national level have been in one administrative division of the National Labor Market Board, while sheltered workshops, "archive works," and created jobs for nonmanual workers and musicians have been in another division. Thus, the several programs for the handicapped have been somewhat separated in planning, financing, and choosing clients. Locally, coordination occurs through the active role of the County Labor Boards and the reservation of all placements to the employment service, which cooperates with the municipal authorities (*kommuner*) in the selection of workers. The employment service must determine that placement in the competitive labor market is not possible before making an assignment to sheltered work.

One advantage of the Labor Market Board's direct control over outdoor projects and white-collar employment is its ability to start projects through Central Government offices, in government-subsidized enterprises and at offices of public utilities, instead of relying entirely on the municipal authorities or voluntary organizations. Sweden is thus able to expand the number of jobs of this type very rapidly (as table 5 indicates).

Swedish government subsidies for outdoor projects, white-collar jobs, and sheltered workshops are each on a different basis. The state, through funds allocated by individual boards and departments and general subsidies, pays the full cost of outdoor or white-collar projects initiated by branches of the Central Government. For projects instituted by the municipalities, one-third of the costs is subsidized, with higher percentages permitted in extraordinary cases, such as jobs arranged in "areas with high and persistent unemployment and a diminishing number of inhabitants."

Sheltered workshops are organized by county councils,

local governments, associations, and foundations. They have a separate scale of grants and loans from the state for overhead costs and operating costs. While new workshops have been created and expansions have occurred, the subsidies are considered insufficient for the desired number of places. In its budget presentation for 1969-70, the Labor Market Board proposed new and better conditions regarding subsidies for the establishment and operation of workshops. The Board also undertook some technical coordination of production with a view to guaranteeing steady employment in the workshops and holding down costs.

In 1967, the Labor Market Board obtained first-time business orders for the workshops worth 2.6 million Swedish kronor, compared to 1.6 million in the previous year. In 1965, new and repeat orders came to 3 million Swedish kronor.

In Great Britain

British subsidies concern sheltered workshops, since the few open air projects are under workshop jurisdiction. Remploy is financed entirely by Central Government funds. In order to qualify for a Department of Employment and Productivity subsidy, a local authority or voluntary organization providing sheltered work must obtain approval of the workshop and the individual workers from the Department. Approval normally is given only if the following conditions are met:

1. The workshop must provide adequate facilities for the employment, under special sheltered conditions, of severely disabled persons in work on which they can maintain a reasonable level of output.
2. The employees must be under contract of service and receive satisfactory wages without supplementation from the Department of Health and Social Security; and the other conditions of employment must be satisfactory.
3. A normal week (of about 40 hours) must ordinarily be worked.
4. The articles produced, or services rendered, must be of sufficient economic value to contribute substantially to the income of the undertaking.
5. Proper arrangements must exist for the efficient conduct of the workshop.
6. The constitution of the undertaking must provide that the income and profits (if any) shall be applied solely to the promotion of its objects, and it must not allow any payment of dividend or distribution of profits.

7. The undertaking must have sufficient resources to meet that part of any expenditure for which assistance cannot be given from public funds.

8. The Minister must be satisfied that financial assistance is justified.

Usually, approval of subsidization is given only for severely disabled workers who have been judged unlikely to obtain normal work.

Limitations of Data

Table 6 brings together available Dutch, Swedish, and British data on expenditures for job creation for the handicapped, as well as those on special public works for employables. Comparability is limited even within a country, permitting only the most limited observations. The Dutch Central Government subsidies for sheltered workshops, outdoor projects, and projects for nonmanual workers cover only a portion of the costs; it is not known how much additional financing is contributed by local governments and private sources. Using the measure of Central Government outlays alone, expenditures on sheltered workshops and outdoor projects almost quadrupled from 1960 to 1967, while the number of workers rose by just over one-third. Similarly, created jobs for white-collar workers have increased less rapidly than the rise in subsidy costs. In 1967, the average subsidy was larger for nonmanual workers than for workers in sheltered workshops or outdoor projects.

The total expenditures on Dutch special public works declined from 1959 to 1963 but at a slower rate than the decrease in the average number of workers. (See table 3.) Mainly because of the rise in wages and prices, the number of workers served by the program in 1967 and 1968 was only a fraction of the number in 1958 and 1959, although the total costs were approximately the same in the two periods. In 1965, the average cost per worker was 14,532 guilders (\$4,067).

Swedish data require more standardization before any conclusions can be drawn over a period of time for a single program. Even more caution should be exercised in comparing costs among the programs. Many elements of costs and receipts are not covered by the data in table 6.

British data relate to only two kinds of sheltered workshops. Since Remploy workshops obtain all their financing from the Department of Employment and Productivity, some of it in the form of interest-free

loans, the cost per worker should not be compared with the second type of British workshop or with costs in other countries. It is estimated that the Central Government bears half the cost of the non-Remploy workshops described earlier. The average cost per worker—computed from the data in tables 6 and 7—appears to be low.

Attempts to ascertain the total direct and indirect costs of the various job creation programs revealed that administrators and policymakers have been slow to collect data beyond their own immediate needs. If benefit/cost approaches are to become more common in evaluating these programs, it will be first necessary to improve overall data.

General Issues in Job Creation

The creation of employment opportunities for those who cannot be placed in the competitive labor market immediately or in the long run results in a new layer between the ordinary work world and a more shadowy area where people of working age engage in diversionary activities or industrial or occupational therapy or are idle. The issues which arise thus are different from those in a job creation program for the fully employable which operates in tandem with normal employment.

Standards of Eligibility

After a decision is reached on the types of handicaps and the ages of persons to be offered created jobs, standards must be established to exclude those who are considered eligible for competitive employment, as well as those who are not qualified for created work because of limited work capacity or personal characteristics. Not all of the hard-to-employ jobless require a sheltered environment. Among those who are more suitably placed in the competitive labor market or in job creation programs for employables are workers who are hard to employ because of lack of education or training, prejudice, or discrimination.

British efforts on behalf of blind and partially sighted persons illustrate how the public and employers can accept an increasing proportion of an entire disability group in competitive employment. Success in training

TABLE 6. EXPENDITURES ON JOB CREATION IN THE NETHERLANDS, SWEDEN, AND GREAT BRITAIN,
1956-1969
[Numbers in thousands]

Year	The Netherlands			Sweden			Great Britain ¹ Department of Employment and Productivity expen- ditures			
	Total cost of special public works	Subsidies by Central Government		Subsidies by Central Government						
		Sheltered workshops and outdoor projects	White- collar workers	Special public works	Outdoor work for handicapped	White- collar job creation ²				
	guilders (1f= \$.28)							pounds (1 £ = \$2.40)		
1956	64,700	31,600	(6)	(6)	(6)	(6)	5,327	2,737	670	
1957	59,700	45,000	(6)	88,005	7,1,522	(6)	7,275	2,820	778	
1958	84,200	57,100	(6)	210,526	7,2,077	6,987	8,263	2,955	859	
1959	91,700	59,000	7,600	373,576	10,000	9,179	9,251	2,972	935	
1960	61,000	56,500	7,500	332,973	23,500	10,606	11,116	3,044	908	
1961	36,200	69,170	7,600	195,884	25,577	12,480	13,307	3,188	1,245	
1962	26,700	68,300	7,085	186,427	31,442	17,029	15,476	3,302	1,307	
1963	20,400	81,661	7,150	403,460	47,791	19,122	16,817	3,513	1,417	
1964	27,600	90,110	7,410	453,848	60,837	21,469	27,387	3,614	1,549	
1965	32,000	111,270	8,567	436,972	85,334	25,466	39,167	3,767	1,578	
1966	32,500	173,066	15,891	362,928	124,451	33,323	56,092	3,902	1,695	
1967	80,000	207,326	20,053	7382,291	7274,462	46,157	71,902	84,144	81,780	
1968	98,000	(6)	(6)	7434,161	(6)	(6)	97,540	84,477	82,184	
1969	(6)	(6)	(6)	(6)	(6)	(6)	(6)	84,370	82,232	

¹Data cover fiscal years.

²The 1958-1963 figures are for budget years and total expenditures. The 1964 and 1965 figures are for calendar years. The 1966 and 1967 figures are for budget years, and only Labor Market Board net expenditures are covered.

³Total costs including capital costs. Figures for 1956-1963 include work training, semisheltered employment, and home work. Figures for 1964-1968 include workshops for the mentally retarded.

⁴Loans and grants.

⁵It is estimated that these grants cover about one-half of total costs, including training allowances.

⁶Not available.

⁷Figures are for budget years (July-June).

⁸Estimated.

SOURCES: The Netherlands, Ministry of Social Affairs and Public Health; *Manpower and Social Policy in the Netherlands* (Paris: OECD, 1967), p. 106; Sweden, National Labor Market Board; Great Britain, Department of Employment and Productivity.

and placing blind persons in ordinary jobs has caused the number in workshops to level off or decrease in recent years. In mid-1966, eight blind persons were placed in open employment for every one sent to a sheltered workshop, and more than twice as many blind people were working in open employment as in sheltered workshops. This contrasts with the situation in 1946, when only slightly more than half of all blind persons at work were in open employment.

An example of movement in the reverse direction comes from the files of the British National Assistance

Board. An epileptic man of 22 with a speech impediment who had been employed in competitive industry could not get along with his fellow workers and had been discharged from several jobs because he took offense at derogatory remarks. After the young man remained unemployed for some time, the Assistance Board officer asked the Ministry of Labour to place the youth in a Remploy factory where he could learn bookbinding. He was later reported to be happy working in a sheltered environment where his disabilities were not discussed. His productive capacity was adequate for

competitive employment, but his psychological adjustment to his physical condition was not.

Britain classifies the disabled who register for employment assistance into section 1 and section 2. Section 1 disabled are those who are judged able to obtain normal work. Those considered able to work only under sheltered conditions are classified as section 2. Because the job opportunities for the disabled vary greatly from region to region, the classification system may exclude some from sheltered work who in fact are not placeable in competitive jobs. Thus, it has been found that a substantial proportion of section 1 registered disabled unemployed (those deemed capable of obtaining and holding jobs in competitive industry) suffer from prolonged unemployment in regions where general unemployment rates are higher than average and the main economic activities offer few suitable posts for disabled workers. None of the unemployed in Britain have access to special public works projects, such as exist in certain other countries, nor can the section 1 registered disabled unemployed be admitted to sheltered work.

In individual cases, a reclassification to section 2 is possible, but it is desirable only if a place is or will be available in a sheltered workshop. In general, officials hesitate to reclassify workers from section 1 to section 2 because of possible psychological damage. But the psychological harm from prolonged unemployment may be at least as great. An example of this is the case of two section 1 men living on unemployment benefits in northwest Wales, an area of limited employment opportunities for the disabled. They asked the Manton Work Center to give them created jobs based on subcontracts from local employers. Although the Center was not up to sheltered workshop standards and could not offer the amount of work or pay of a full sheltered workshop, the two men reportedly were happy to find some paid activity. However, they had to leave the Center when the unemployment insurance authorities ruled that they would lose their unemployment benefits and credits if they continued. Had such men been eligible directly for sheltered work and had places been available for them, their desire to work and income needs would have been met more adequately and the government would have saved on unemployment benefits.

If more sheltered workplaces were established in the regions of Britain where unemployment among section 1 disabled is high and persistent, they could serve people who may be capable of open market placement in another area but tend to remain idle in their present locations.

The visitor to workshops for section 2 disabled in regions of high unemployment becomes keenly aware of

the social and psychological advantages of this type of activity over the loneliness and discouragement of long-term unemployment. While the need for additional workshop places to accommodate section 1 disabled is greatest in the northern regions, a good case could be made for reviewing the records of all section 1 disabled who have been unemployed for, say, 6 months, with a view to recommending sheltered work. The obstacles to an expansion of created jobs for the less severely disabled may be chiefly financial and administrative. However, a recommendation to establish such jobs for socially handicapped people who have serious employment problems might face a difficult additional hurdle in Britain: lack of public sympathy. Still, as Britain becomes increasingly concerned with its disadvantaged groups, the need for additional job creation is likely to be recognized.

The Dutch procedures to establish eligibility for created jobs are more responsive to changes in the employment situation, regional variations, and individual differences. Each hard-to-employ case is judged separately at the time it arises. Admission to or retention on a created job is specially forbidden if a worker could be assigned to a vocational training course or special public works, or if he is suitable for available competitive employment. When there is doubt about whether a worker should be classified as unplaceable, he often is assigned to a social (sheltered) workshop for testing before the decision is made.

The Dutch method is not foolproof against the admission of overqualified persons. In an OECD counseling study, the Dutch authorities cited the case of an unemployed 42-year-old man, "stupid and dull-witted in appearance, sleepy eyes, indolent and self-centered." During the course of the interviewer's attempts to rouse him to find a regular job, he somehow had been accepted for sheltered employment and had worked for 1 week. The interviewer discovered this while visiting the man's wife, who complained that she could not manage on the sheltered wage. The man was induced to visit the interviewer again.

By means of emotional arguments regarding his loss of status by working in sheltered employment, B. was motivated to apply for a job. B. admitted that he did not belong in sheltered employment and promised to find other work at once. He paid a third visit to the interviewer of his own volition to say that he had gotten a good job as a storeman in a large department store. He appeared satisfied and cheerful. Follow-up seems desirable, though a social worker will not be accepted.

This case has been cited primarily to illustrate that people who can obtain ordinary jobs may be accepted for created jobs because their personalities are borderline. But it also shows two other things. Even in a

well-ordered administrative system, two agencies can work at cross purposes and be out of touch with each other. And apparently some feeling exists, even among officials, that sheltered work is second class.

Exclusions from created jobs also occur because some people are too severely disabled to perform at the minimum standard currently in force. Each program has some provision for those who are somewhat below standard but show promise of improving their performance. Great Britain pays training allowances to a selected number of such persons. They enter sheltered workshops on a provisional basis and, if their training period is successful, become full-fledged sheltered workers. In Sweden, some below-standard workers become capable of entering created jobs after assignment to a work-experience center known as an Industrial Rehabilitation Unit or through training in a workshop or a vocational training course.

The Netherlands admits people to created jobs if they are mentally as well as physically able to do productive work, are able to work regularly under circumstances which are adapted to their physical and mental condition, and can achieve at least one-third of a reasonable minimum standard for production in the same kind of work in normal industry. These are known as category A workers. In 1963, category B was added, consisting of those who could not meet the one-third level of productivity but who might be brought up to the minimum or above through training and regular work experience on a created job. The numbers and proportions of "B" workers have increased. As of the middle of 1965, 8.3 percent of the manual workers on created jobs were in category B, but by 1967 the percentage had risen to 10.4. Only 100 "B" workers were on outdoor projects; most were in the sheltered workshops.

Every program in every country has its success stories involving individuals or groups who appeared to be hopelessly below standard, but were given a chance and proved themselves. One of the initial surprises occurred in the Dutch program. In 1953 the Social Employment Scheme began to place some of its unemployed in the municipal sheltered workshops which had been established earlier for physically handicapped persons receiving assistance under the Poor Law. It soon was observed that the relief recipients who had been excluded as "unemployable" from the Social Employment program produced at least as well as the unemployed in the program. Therefore, the relief clients were elevated and given the full benefits of the Government subsidy and higher wages of the Social Employment program. Over the years, many other groups have shown an unexpected capacity to produce.

A more difficult category consists of persons whose working capacity is adequate for sheltered conditions but whose personalities threaten disruption of the workshop. The establishment of separate projects or workplaces for those with specific handicaps, particularly the socially maladjusted, is one preventive measure. Another approach is to control and limit the mixture of various disabilities through physical or organizational separation. For example, the ratio of the mentally ill and retarded to all other workers in a shop or a room usually is restricted.

Despite a growing tendency to ignore the nature of physical disabilities in placement on created jobs, complete integration of those with mental or social disabilities is deliberately avoided in the interests of minimizing disruptive influences. The ideal continues to be the position taken at The Hague and Stockholm Seminars on Sheltered Employment—that a maximum degree of integration is desirable in order to overcome prejudices of different handicap groups toward one another, to save capital and operating expense, and to facilitate the recruitment of sufficient and competent staff. But the ideal must be modified by individual needs and medical, psychological, social, and practical considerations.

The mere fact of providing created jobs for the socially maladjusted, as Sweden and Holland have done, introduces an increased incidence of absenteeism involving many disciplinary cases, dismissals, and transfers as well as voluntary leaving without cause. The records of special outdoor projects for ex-criminals in Sweden from 1962 through 1965 show that a high proportion were discharged for drunkenness or other cause or left the projects without finding other work. Much the same was true of the alcoholics on projects reserved to them. In the period April 16 to July 15, 1965, 558 of the 767 alcoholics on Swedish outdoor projects who left work were separated because of drunkenness, breaking of rules, dissatisfaction, or related causes. A report for 1967-68 notes that an increased use of drugs by Swedish youth, especially those coming from institutions for delinquents, has resulted in frequent interruptions of sheltered jobs because of a return to drugs.

Yet the Swedish National Labor Board's directives have stressed that placement of the socially maladjusted on created jobs should not be limited to those who appear certain to adjust well. Chances should be taken with more doubtful candidates, but they should be given full information in advance about the kind of work, the location of the worksite, the nature of routines, and disciplinary rules. Difficult cases should be given special attention at the worksite, but they should be separated if they fail to fit in after a reasonable period.

The willingness to experiment with sheltered work for people with questionable personalities seems strongest in countries which accept the need for sheltered work for a wide variety of disabled persons, including the socially maladjusted. In addition, if a job creation program has many openings in relation to the needy population, if many types of jobs are available, if outdoor projects as well as sheltered workshops are in use, and if possibilities exist for separate sections or projects for specific disability groups, then a country is more likely to accept dubious individuals. It remains a high risk undertaking. Higher turnover rates and greater supervisory and disciplinary problems may be expected, but many individuals are reclaimed for society through repeated efforts to establish regular work habits on created jobs.

Conditions of Work

As job creation programs grow larger and more uniform standards are achieved throughout a country, working conditions on created jobs increasingly tend to resemble ordinary work. In the broad sense, this resemblance is reflected in the tone and conduct of management and workers, but specifically it refers to hours of work, rest periods, paid holidays, sick leave, coverage for social benefits, labor contracts, industrial health and safety, the role of trade unions, and wages and incomes.

The attempt to duplicate ordinary industrial conditions has two objectives: to refrain from overprotecting the sheltered workers (for example, by setting a shorter workday than is customary) and to offer workers on created jobs the types of social benefits and contractual protection afforded other workers. While practices in the European countries vary considerably, the tendency is to reduce the differences between ordinary and sheltered workers.

One Danish workshop which deliberately maintains a shortened workday has an interesting economic rationale. It runs two shifts of workers for 6 hours each, thus utilizing its machinery 50 percent more than shops with one full day shift and reducing the unit cost of its output. The shorter hours also suit the workers because all are disability pensioners who stand to lose part of their pension payments if their earnings exceed a certain level.

The maintenance of a normal workday and week is not inconsistent with a slower pace of work and more frequent rest periods than ordinary workers have. In the

same way, paid holidays and sick leave tend to equal or exceed those in normal industry.

Workers in created jobs are usually covered by all social insurance schemes. In Holland they are excluded from the unemployment insurance program but have an unemployment provision of their own. Many workshops carry workers on full wages during periods when work is not available. Often the workers' contribution to the insurance fund is borne by the state as part of its subsidy of wages.

The Netherlands, which did not offer workers on created jobs an employment contract, introduced a special sort of legal contract in 1969. The aim was to replace the workers' one-sided legal obligation by a two-sided relation in which the local authorities were bound to recognize certain rights and legal obligations toward workers on created jobs.

Industrial health and safety are quite naturally of extra concern on created jobs, since the particular problems of the disabled usually have led to higher than normal safety standards to begin with. Policing and subsidies have been beneficial in individual cases where a lack of funds may have led to unsafe conditions.

In general, sheltered workers are not unionized to the same extent as ordinary workers, although the trend is toward increasing organization. Worker representatives may be chosen in some shops even if a union does not function. Remploy, the British sheltered workshop network, has long had functioning trade unions and some strikes have been called. A description shows how similar to ordinary British industrial relations are the arrangements at Remploy:

Employees have a completely free hand regarding membership of trade unions, and in practice almost all of them have joined a trade union appropriate to their particular occupation. Works Managers are encouraged to extend to officials of these trade unions the usual facilities for consultation, and there are shop stewards in each factory. Joint consultative committees consisting of representatives of management and of employees also exist for the discussion of such matters as production, factory conditions and welfare; in accordance with general British practice, wages, hours of work and similar matters are outside the scope of these committees and are reserved for negotiation between the management and trade union representatives. (J.L. Edwards, "Remploy: An Experiment in Sheltered Employment for the Severely Disabled in Great Britain," *International Labour Review*, February 1958, p. 154.)

Wages and Earnings

The most complex issue is the compensation to be paid to workers on jobs created for the handicapped. As sheltered work first evolved under the sponsorship of

philanthropic agencies, tasks such as basket weaving and broom making predominated. The workers' earnings from their output were minimal, often pocket money, and they depended on supplementary private or public charity. With the entry of governments into the job creation field, the quality of the jobs was upgraded and in many cases could be compared directly to work performed in competitive industry.

There thus came to be two pressures to adopt another system of payments. The trade unions wanted to be sure that sheltered workers would not be exploited and thus undercut the established wage rates. And the government wanted to pay a weekly wage which would give the workers in created jobs pride in their activity and a decent standard of living so that they would need little or no supplementary payments by public assistance authorities.

Yet the authorities also recognize that, in general, earnings in created jobs must not be too high. They should reflect the lower productivity of these workers and provide an economic incentive for them to move on to competitive jobs at higher earnings. Exceptions to this view have been taken by workshops which pay their workers at a higher rate than normal workers because the handicapped have extra expenses. But, by and large, voluntary organizations also accept the formula of lower earnings for those on created jobs.

Where piece rates can be applied, the solution is fairly easy and needs only to be backed up by a guaranteed minimum hourly or weekly earnings provision. This additional subsidy is usually given as wages rather than welfare. However, when the tasks on outdoor and white-collar projects and in the workshops cannot be rated by units of output, hourly or weekly wage rates are substituted, with some stipulation of a percentage reduction of normal rates. This reduction is usually less than the actual difference in output.

Trade unions play an active role in the determination of the applicable wage rates for created jobs. In fact, union participation in the planning and administration of the programs at every level has been a vital precondition to the effective operation of European job creation programs for the handicapped. One difficulty in setting wage rates through negotiations with the concerned trade unions is that a large number of trade unions may be involved in the diverse work of each shop and thus discrepancies in earnings among sheltered workers in the same shop may appear. An extreme case was that of Remploy, which at first dealt separately with a large number of trade unions and provided a wide range of wage scales, usually 70 to 80 percent of the going rate in each trade union agreement. This was later changed to a

uniform Remploy wage, regardless of the occupation.

Sweden is trying to standardize the wage rates which have been set jointly by sheltered workshops and trade unions. Swedish workers on outdoor projects receive a percentage of the full rates paid to workers on special public works projects. White-collar workers and unemployed musicians had been on a low wage scale, originally based on municipal cash assistance rates. Although their earnings have been increased in recent years and further raises have been proposed, their wage system still is not related to that of workers in other types of created jobs.

The Dutch wage system on created jobs for manual and nonmanual workers is the most uniform, formal, and complex. A general rule is that the individual maximum and the group's average hourly wage rate on created jobs should be set at no more than 95 percent of the hourly wage rate for the same or similar work done by normal workers in the same town. The same rule is applied to minimum earnings on created jobs which are guaranteed to male workers over 23 who have one-third working capacity, have had a reasonable work performance in a 45-hour workweek, and are in the "A" category. Other workers on created jobs may earn less than 95 percent of the legal minimum for normal workers.

In those countries of Western Europe where legal minimum wages exist for workers in normal industry, job creation programs for the handicapped are not obliged to obtain a waiver to pay less than the minimum, as is required in the United States. Because at least four different minimum wage levels in competitive employment are commonly set by law (for adult men, adult women, young men, and young women) and because other variations exist, flexibility is also possible in establishing minimum wages for those whose productivity is lower than average.

The internal structure of Dutch wages on created jobs for the handicapped recognizes four main wage classes with 5-percent increments between classes, according to the level of the work. Within these classes, different rates are also specified for adult men, adult women, young men, and young women. In addition, modifications of wages are made for variations in the cost of living in different areas and for those receiving disability pensions. But this is not the end of the differentiation. Each of the four wage classes has three steps which constitute a merit rating scheme, allowing the worker at the top to earn 20 percent more than the worker at the first step. Each worker is judged regularly by two persons on five points: The quantity of work; the quality of work; the devotion to and interest in the job; the attitude toward colleagues, management, and regulations regarding the job;

and the care for materials, machinery, tools, and buildings. The standard of judgment is that used in open industry.

Other countries have bonus schemes to reward extra effort, but the Dutch system is the most elaborate and is considered an important tool in the process of rehabilitation for competitive employment. The Dutch wage system has been generally accepted in Holland, even though it has been found difficult or almost impossible to apply on particular projects or jobs. In 1959, the Dordrecht workshop, a pioneer, criticized the complexity of the system, the difficulty of giving objective ratings, and the problem of worker dissatisfaction with different ratings and wages each week. Recently, official instructions have indicated that ratings need not be made so frequently.

A reading of the official guide, however, leaves no doubt that this is an extremely difficult system to administer. Its educative and incentive components seem to be fairly valuable nevertheless. A handicapped Dutch worker not only can increase his earnings within his wage class, but he also can graduate to work in the higher wage classes. Such an upward movement has definitely occurred. From 1956 to 1967, workers in the lowest wage class decreased from 65 to 48 percent of all workers on created jobs, and those in the two highest wage classes increased from 1.5 to 16.1 percent of the total. It is possible that changes in the composition of the created jobs or eased standards of grading are factors, along with individual achievement. Some handicapped Dutch workers earn more on created jobs than they might initially in competitive employment, but officials maintain that this factor does not affect their willingness to transfer if the opportunity arises.

Under the various wage systems, it is possible that a worker of low productivity with several dependents may be capable of earning no more from a created job, after taxes, than he would receive from unemployment insurance or assistance or public welfare. Potential candidates for created jobs may be reluctant to work if they can obtain virtually the same income without work. The taxation of wages from created jobs sometimes is the crucial difference which negates the formal establishment of minimum earnings on created jobs at a level above welfare payments. In Britain, it is felt that many unemployed section 2 registered disabled would not respond to offers of sheltered work because the financial incentive would be lacking. Sweden and Holland make a strong point of the moral value of work. Moreover, since local governments administer the programs, they may have more personal influence in placing the disabled than personnel from the Central Government, which administers most programs in Britain. In principle, these

countries are prepared to deny social benefits to someone who rejects a created job, but it has rarely been necessary.

A more challenging problem is presented by the recipients of disability or invalidity pensions who constitute a prime source of candidates for created jobs. In The Netherlands, those drawing pensions constituted 46.7 percent of all the handicapped on created jobs in 1962. An increase in the pension rates led to a decrease in the number and proportion of pensioners to 28.8 percent by 1967. The 1966 Invalidity Act provided that more facilities should be made available for rehabilitation and also that no reduction in pensions should occur unless the pension plus wages on created jobs exceed 90 percent of the daily wage on which the pension was originally calculated.

There always will be a certain number of pensioners who resist work, if any part of their pension is deducted. Some students have suggested the outright withdrawal of pensions from those who are unwilling to work on created jobs, but such drastic action has little chance of legislative enactment. Moral suasion has been effective in some countries. The OECD examiners have recommended that Holland should pay more attention to the fullest physical restoration of the pensioners' work capacity in order to minimize the number who may reject work.

Specialized Personnel and Services

Despite all the attempts to make created jobs resemble normal work, four important differences affect the type of personnel hired and the services offered on created job programs. First, the handicapped workers may not be physically or mentally capable of performing all the tasks on their outdoor projects or in their workshops. This situation leads to the special hiring of workers who do not qualify for created jobs, that is, nonhandicapped workers. When private contractors conduct outdoor projects, as has been indicated, these workers may not appear on the employment rolls.

Sheltered workshops which attempt to parallel factory methods or which employ particularly disabled persons are apt to take on some nondisabled workers. Fit employees are used in jobs which are not suitable for the severely disabled or for which they lack the qualifications. For example, in October 1967, the British Remploy network of 90 factories had a total of 9,449 workers and staff, of whom 6,979 were subsidized section 2 referrals of the severely disabled. If production

workers alone are considered, the nondisabled employees of Remploy constituted 8.4 percent of the total. This is well below the agreed-on 15 percent; other workshops in Britain use a higher proportion of able workers than Remploy.

No comparable figures are available for Sweden or Holland, but they also permit the use of fit workers in order to make the productive process more efficient, to set a pace for the handicapped workers, and to perform special tasks. So long as the number of fit workers is controlled, the danger that the disabled will be deprived of jobs in order to make the operation profitable can be averted.

The second difference from ordinary industry involves the number, qualifications, training, and method of selecting the administrative and supervisory personnel. As experience has grown and work on created jobs has become more sophisticated in the most advanced countries, certain trends have appeared. Reductions have occurred in the ratio of supervisory personnel to handicapped workers; supervisors with medical or social work training have been supplanted by technical-management men in the top administrative posts; professional men have taken over from philanthropic ladies; and technical foremen have replaced nurses, therapists, and other medical personnel.

In some cases, especially in shops connected with psychiatric hospitals, the medical supervision runs in tandem with the business personnel. Others have trained their nurses to be technical foremen. But the main thrust is toward giving special government and private courses or training to suitable and sympathetic men with business and industrial experience so that they may become familiar with the particular problems of their handicapped workers.

The management of a workshop or outdoors project is considered to have three aspects—technical, commercial, and rehabilitative. Normally, the staff consists of a manager or director, an assistant manager who directs the daily routine, and foremen who direct individual departments or groups. A good technical man who can devise expedients or jigs to simplify the productive process is an asset. The overhead personnel tend to follow the lines of ordinary industry, but there is usually less specialization.

The willingness of successful men to devote themselves to managing created jobs for the handicapped is partially attributable to the fact that their earnings usually are not decreased by the transfer. Great Britain has found that retired or disabled officers of the Armed Services, especially those with industrial experience, are a good

source of managers. A Dutch statement of the qualities needed by managers is typical:

... they should have technical capacities as well as psychological insight and, moreover, they should have the personal qualities required for the realization of the objects of the scheme. The task of the leader is not confined to the technical execution of activities, but he should also have an open eye for the difficulties confronting those working under his guidance. Furthermore he should be able to activate the zest for work of those concerned and to favourably influence their state of mind. (The Netherlands, Ministry of Social Affairs and Public Health, "Sheltered Employment in the Netherlands," second edition, mimeographed.)

A British statement calls on the manager to deal "sympathetically but if necessary firmly, with the numerous daily human problems and tensions encountered which are in many cases peculiar to the disabled worker and which often bear no relation to the circumstances of his employment." To supervise mentally handicapped persons, exceptionally capable managers and staff are required. A Dutch expert prescribed the following qualities as crucial: Ability to instruct, technical skill, and insight into the behavior of the mentally retarded. Additional qualities are independence, ability to make contacts, authority, patience, emotional stability and stamina, an understanding of rehabilitation, technical imagination, and a sense of economy. In Holland, foremen are recruited among skilled industrial workers, men and women trained in the care of the retarded, and teachers and others in the educational field. Two-year training courses are available, as they are for managers.

Sweden regards the selection of the manager and foreman so seriously that a condition of obtaining the state subsidy toward their salaries is that each individual be approved by the Labor Market Board. The additional need for trained personnel in Sweden was recognized in several new course offerings in 1967-68. The personnel in sheltered workshops for the mentally retarded, an expanding area, were given instruction by the County Councils, which are responsible for the early schooling and other needs of the retarded. Courses were arranged for managers and foremen of ordinary sheltered workshops, and staff seminars were organized for supervisors and assistants on the special outdoor projects for such groups as alcoholics and delinquents to acquaint them with the characteristics of their workers and the services available from the employment service.

A third difference is the presence of auxiliary personnel to deal with the more intense medicosocial problems of those on created jobs. The number and type of such personnel vary from country to country and

within a country, according to the practices in normal industry and the type of handicapped being served. In The Netherlands and Sweden, for example, large firms in competitive business employ social or welfare workers, and it is not surprising that workplaces for created jobs should follow suit. Social workers in every type of business assist workers not only with work adjustments but also with outside problems regarding family, housing, transport, and leisure activities. In those Dutch workshops where the mentally retarded are numerous, social workers help to regulate the workers' savings, expenditures, tax payments, living arrangements, and personal lives.

A physician specializing in industrial medicine and rehabilitation may be shared by several workshops. Psychiatrists, psychologists, physiotherapists, vocational rehabilitation specialists, and occupational therapists may be present in a staff or advisory capacity, according to the circumstances of the individual project or workshop and the traditions of the nation. Sweden's "contact man" looks after those on created jobs who have come from social institutions such as prisons or alcoholic care centers. The need of these groups for supervision on and off the job calls for extra personnel on their projects.

The final difference in the type of personnel hired and the services offered to those on created jobs arises in countries which make a great point of the importance of transfers to competitive employment. Since a concern for the rehabilitation and improved performance of workers on created jobs may exist apart from the effort to transfer them to work in the open market, some of the specialized personnel may be employed in any case, but more of their time is needed if transfer to competitive jobs is the aim. And some additional specialists may be required as well.

The Swedish tripartite committee on labor market policy recommended in 1965 that outdoor projects for the handicapped and created jobs for white-collar workers and musicians, which had been notably sluggish in transferring workers to competitive jobs, should be revised to emphasize training and rehabilitative aspects. These projects should

to the greatest possible extent . . . serve as a preparation for employment on the open market. . . . As is the case in municipal workshops for handicapped workers, [those in outdoor projects] should be observed by a team consisting of a vocational rehabilitation officer, a physician, the site manager and a welfare officer.

The Riksdag not only accepted this proposal in 1966 but also added the provision that each major outdoor project should have its own placement officer from the employment service on full-time duty.

The Swedish belief in the power of extra personnel to effect transfers to open employment remains to be tested. Records of outdoor projects for alcoholics and ex-prisoners prior to 1966 showed that only a small proportion returned to competitive jobs and that the returns occurred through the workers' own initiative more often than from the efforts of the employment service or welfare officers. Sheltered workshops, which already employed the additional specialists, succeeded in transferring only 484 out of 6,630 persons having some sheltered work during 1965, or 7.3 percent. (A higher percentage can be achieved by choosing the number remaining in sheltered workshops at the end of the year as the denominator, but this method is not used in other countries.) While the rate of transfers was higher in sheltered workshops than in archive work (less than 3 percent in 1963) or outdoor projects, the difference is not impressive. Moreover, when the demand for labor slackened, the number of placements of sheltered workers in competitive jobs fell to 404 in 1966 and 374 in 1967, although the total number of potential candidates with some sheltered work experience rose to 7,486 in 1966 and 8,844 in 1967.

Not only a recession period but also the growth of job creation programs tends to reduce the proportion which returns to open market employment. Thus, the Dutch program in the first half of 1953 reported a transfer rate of 40 percent among 1,727 persons. By the mid-1960's, when over 25,000 people were involved, the transfer rate was about 5 percent, despite the same attention to rehabilitation procedures. It is questionable whether the situation will be changed by a "revaluation of procedures and services . . . to assure the maximum proportion of re-entries into the regular labour market," as the OECD examiners recommended.

Finally, the experience of Britain's Remploy and other workshops which make no special effort to transfer workers must be considered. Year after year, about 200 to 250 severely disabled workers leave Remploy to take regular jobs. Would many more have made the move if specialized personnel had been employed to concentrate on this goal? And would the extra placements have justified the additional costs? The answers are difficult to determine even when the goals are agreed upon, but in this case, Britain does not share the view that extra resources should be applied in order to facilitate a maximum return to competitive employment.

From the survey of the issues which affect created job programs in general, we turn now to the conditions and problems which are peculiar to the individual varieties of job creation—sheltered workshops, homework, outdoor projects, and white-collar job creation.

Sheltered Workshops

The primary purpose of sheltered or social workshops is not to produce goods and services or to seek profitable operations, but to provide a steady flow of work with a suitable variety of jobs at good pay for the maximum number of handicapped workers at the minimum annual subsidy per worker. In pursuing this objective, however, they enter into complex cooperative and competitive relationships with the private business sector.

If all suitable government contracts could be reserved and awarded to sheltered workshops, as some have recommended, and if sheltered workshops had not evolved as manufacturers of products for commercial sale, it might be possible for public authorities to provide the entire workload, as is done for outdoor projects. As it is, sheltered workshops have relied on several means of creating jobs—manufacture of their own products, execution of subcontracts for industry, and filling of government orders. The expansion of workshop employment and the more active role of governments in workshop finance and supervision have led to a rejection of the traditional broom and basket type of product, which often was sold at above market prices through an appeal to the purchasers' charitable instincts. Another equally objectionable pattern was the sale of workshop products at prices well below the commercial cost of production, usually because costing, accounting, and management procedures were nonexistent or inadequate.

In place of the earlier practices, the new emphasis is on matching the products and procedures of competitive industry, both in the direct manufacture of workshop products and in the performance of contract work. Attention has been given to improving the performance of the backward workshops and the more difficult task of establishing guidelines for optimum operations.

How do trade unions and employers view the expansion of workshop employment and the competition with ordinary industry? As long as full employment prevails, price and wage levels are respected, and the workshops have only a small share of the market, the sale of workshop products occasions little adverse reaction. Even less conflict arises when subcontracts from industry are accepted. Holland's workshops have been aided in this respect because a large proportion of their output is on subcontract for export industries. The practice of including union and employer representatives in the administration of sheltered workshops also contributes to good relationships.

If there should be a severe recession in these countries, the favorable situation might be altered because private firms and unemployed workers would compete for a smaller volume of subcontract business. It is reassuring that Sweden and Holland were able to find work for a substantially increased number of workers in sheltered workshops during the recession of 1966-68. A survey in July 1967 by Dutch authorities showed that existing subcontracts were adequate to carry 52 percent of the workers for 6 months. While this is a less satisfactory position than would exist in times of great labor shortage, an encouraging aspect was the maintenance by 83 percent of the workers of the same type of work as they performed in 1966. Only 8 percent suffered a distinct decrease in type of work, while 9 percent showed an improvement.

A marked feature of government participation in the financing of sheltered workshops is a growing concern with improving their performance. An extreme case of outmoded procedures was exhibited by the long-established British workshops for the blind, which continued in the handicrafts of brooms and baskets. Compared to Remploy, Ltd., they appeared backward with regard to production, marketing, wage systems, accounting, and personnel.

As a result of the Report of the Working Party on Workshops for the Blind in November 1962, a series of recommendations leading to modernization, mixing of disabilities, consolidation of shops, and improved efficiency were proposed. Their implementation was through the creation of the Industrial Advisers to the Blind, Ltd. (IAB), a nonprofit corporation subsidized by the Department of Employment and Productivity and composed primarily of specialists with industrial experience. Two workshops in Bradford and Glasgow were chosen as pilots to experiment with new products and methods and serve as models for change elsewhere. Reports were also published in the IAB News on developments at other workshops which might be useful to the remaining shops. Although the workshops are under no compulsion to make cost-saving changes, their need for subsidies is a powerful prod.

In 1965, the Department of Employment and Productivity appointed inspectors for all sheltered workshops. Among their other duties, the inspectors advise on efficient operation. Labor Market Board technicians in Sweden and representatives of the Complementary Social Provisions Division in Holland serve these functions.

One indicator of efficiency is the size of workshops, measured by the number of employees. Some are clearly so small as to be uneconomic. In some countries even the larger ones may be composed of several small units with different operations housed under one roof, so that economies of size are limited to those obtainable through joint operations in management, securing contracts, purchasing, and marketing. Remploy accomplishes these operations by central administration. Small independent workshops secure advantages by combining forces for certain outside negotiations. In Holland, federations of workshops are organized on a provincial or interprovincial basis to avoid competition among workshops, coordinate price policies, regulate sales, canvass for contracts, and advise on general policy issues. Some Swedish county councils achieve the same ends by taking responsibility for all the workshops in their region.

Table 7 shows the distribution of all sheltered workshops by size in The Netherlands, Great Britain, and Sweden. Among the three countries, The Netherlands has the greatest concentration of workers in workshops with 100 or more employees. It also has relatively fewer small-scale workshops than the manufacturing industry of Holland as a whole, according to the business census of 1963. Because of the large number of one-man and small manufacturing firms in Holland, workers in firms with fewer than 10 employees constituted 15.2 percent of the total, against only 0.2 percent in the workshops.

The British workshops vary considerably according to type. Remploy has no shops with 25 or fewer workers and has a heavy concentration in the 50-to-99 class. Over one-third of blind workers are in shops with 100 or more workers. The shops operated for other severely disabled workers by voluntary agencies and local authorities are the smallest. British manufacturing industry in general is on a considerably larger scale than the sheltered workshops. In comparison with the other two countries, the Swedish workshops are small. From the data presented on the three countries, it appears that only The Netherlands has organized its sheltered workshops in larger units than its manufacturing industry as a whole.

Size of enterprise is only one factor in efficiency. Another measure is the degree of mechanization in relation to the standard in normal industry. Yet sheltered workshops must favor labor intensive methods if they wish to maximize employment. One solution is to employ more than one shift of workers on expensive machinery, but this is not usually possible with handicapped workers. It is also clear that sheltered workshops have to modify industrial practices to suit their workers' needs and that the more advanced the country's technology, the more careful must the workshops be in their choice of products and subcontracts.

The difficulty was explained by the director of Rotterdam's workshops, a man with industrial experience who was hired by the city to manage its largest shop and advise all the other shops on methods of

TABLE 7. EMPLOYMENT IN SHELTERED WORKSHOPS BY SIZE OF SHOP, THE NETHERLANDS, GREAT BRITAIN, AND SWEDEN, 1965-1966
[Percent distribution]

Size of shop (number of employees)	The Netherlands ¹	Great Britain ²			Sweden ³
		Remploy	Blind	Other	
Total	100.0	100.0	100.0	100.0	100.0
1 to 10	0.2	0.0	0.8	4.7	1.2
11 to 25	1.2	0.0	8.4	15.1	28.2
26 to 49	4.1	8.5	12.7	34.5	21.5
50 to 99	29.3	57.8	44.5	37.4	24.8
100 and over	65.2	33.6	33.7	8.4	24.3

¹ As of June 30, 1965. Includes 200 persons employed on homework.

² As of October 31, 1966.

³ As of December 1966.

NOTE: Detail may not add to totals because of rounding.

SOURCES: The Netherlands, Complementary Social Provisions Division, General Directorate for Social Provisions and Labour Relations, Ministry of Social Affairs and Public Health; Great Britain, Disabled Persons' Branch, Department of Employment and Productivity; Sweden, Vocational Rehabilitation Division, National Labor Market Board.

improving their performance. He found that the most modern shop and the least modern shop paid the same level of wages and had the same deficit per worker at the end of the year. Unless it can be shown that the modern shop was not operating at its greatest efficiency, the economic case for introducing the most up-to-date machinery may not be the same as in profit-seeking industry. Studies must also be made of the rate of transfer to open employment from various types of workshops to discover how important it is to be technologically advanced.

While the optimum conditions have not yet been determined, progress has been made in eliminating the obviously inefficient procedures; one trend is toward a preference for subcontracts over production for sale. Dutch workshops used to be established close to where workers lived, but in recent years the shops have been set up near suitable factories in order to minimize storage and transport costs on subcontracts. Sweden also stresses the subcontract function of sheltered workshops as a complement to the industrial structure. Remploy and the Industrial Advisers to the Blind in Great Britain cite the financial and organizational advantages of subcontracts over production for direct sale, which requires a large staff of nonhandicapped employees to advertise, sell, and conduct the business side and also requires that valuable floor space be devoted to storing materials and finished goods.

Some subcontractors supply and deliver materials, machinery, and instructors and pick up finished products. Sometimes workers from the workshops are borrowed temporarily by the factory. Factories which are short of space or workers welcome the opportunity to turn over some production to workshops. Remploy calls this "sponsorship." In Holland, sheltered workers assemble typewriters and make automobile accessories for well-known American companies which do not award such subcontracts in the United States. Both technological and social factors might militate against this practice in the United States.

Homework

Most authorities agree that homework should be limited to those who are unable to come to a workshop and should be assigned sparingly in industrialized countries. Homework encourages social and psychological isolation, may entail low-grade work, is difficult to

organize, and is subject to the abuses of low pay and possible performance of the work by others in the family. If sheltered workshops are numerous in relation to a country's area and population, transportation is available, and climate and topography are not problems, as in The Netherlands, homework can become a negligible feature of job creation for the severely handicapped. About 200 homeworkers are supported through sheltered workshops and are included in Holland's workshop employment figure in table 5. Sweden, which has organized homework for over 1,000 persons through sheltered workshops and homework centers, is satisfied with their operation. Vocational training is given to some homeworkers. In Britain a few homeworkers are employed through the Remploy factories, and a much larger group of blind homeworkers continues a traditional pattern. It is likely that this form of job creation will remain as a last resort.

Outdoor Projects

Created jobs for the severely handicapped on open-air projects are arranged entirely by government agencies and usually yield no products for sale or income. Exceptions are found in the Dutch horticultural projects, which sell vegetables and herbs, and in Swedish timber-cutting on contract with farmers and large lumber companies. In general, the projects add to the community or general welfare by undertaking tasks which regular government departments will not do at all or plan to do later and which have not been undertaken by the special public works projects for the cyclically, structurally, regionally, and seasonally unemployed.

The establishment of separate outdoor projects for the handicapped has made it possible for the special public works programs to limit their acceptance of handicapped workers. Thus, some 500 Dutch handicapped men, on the average, were employed on special public works projects in 1956; by 1965 the average was down to 70.

Among the advantages of outdoor projects in comparison with sheltered workshops are the ease of providing labor-intensive jobs, the rapidity with which projects can be established, the low capital investment per worker, the absence of conflict with the private economy, and the ability to establish separate workplaces for different disability groups. The chief disadvantages are the low level of the jobs, the poor preparation for transfer to the competitive labor market, and the unsuitability of the work for certain groups.

Table 8 shows three important aspects of the Swedish program: The large number of government agencies which provide work, the wide range of activities conducted by project workers, and the existence of separate projects for individual disability groups. Most jobs were provided by the National Forestry Administration and local governments (Stako), with the National Labor Market Board in third place in 1965. The projects range from work in isolated forest locations where the workers live in camps to clean-up jobs in the heart of the cities and towns. Workers usually travel no more than 60 kilometers (37 miles) round trip each day in buses provided by the projects. In the north, particularly in sparsely settled areas where projects are concentrated in the few larger towns, many workers live in simple dormitories during the week and go home for the weekends.

The geographical distribution of workers on Swedish projects for the handicapped shows a disproportionate share in the seven northern counties, but to a lesser extent than on the special public works projects. In 1965 and 1966, the monthly records showed that from

one-third to one-half of those on outdoor projects for the handicapped lived in the north, although the area includes only 17 percent of the total population. More than two-thirds of the workers were over 45, and one-fourth were over 60 in 1966. In 1965 and 1966, 4 to 5 percent were youth under 24, and some were as young as 16; handicapped youth are considered in need of more workplaces. Few women are employed on outdoor projects. In May 1966, they accounted for only 9 out of 3,668 workers and in December 1967, 81 out of 6,773. Alternative forms of job creation are urged for women, as the unsuitability of outdoor projects is generally conceded.

Sweden's outdoor projects for the handicapped cater to three main groups. The first consists of those who are about to be discharged from various institutions—for the mentally ill, alcoholics, criminals, and youthful offenders, plus some mental patients able to do day work away from the hospital. Each handicap group usually has its separate camp and worksite, and its tasks are likely to be performed away from population centers. A bridge to normal living, as well as work experience, is provided,

TABLE 8. JOB CREATION FOR THE HANDICAPPED ON OUTDOOR PROJECTS, SWEDEN, 1965

Type of work and sponsorship	Man-years worked	Man-day cost (Swedish kronor)
All projects	3,099.5	125
Forestry care and lumbering	1,405.0	96
Labor Market Board—For special categories: alcoholics, criminals, delinquents, mentally ill	374.4	107
Forestry Administration—For physically handicapped	1,028.1	93
Forestry Administration—Day work for patients in mental hospitals	2.5	63
Nature work and landscaping—Forestry Administration for physically and mentally handicapped	164.6	77
Roads—Physically disabled on Labor Market Board special public works projects	297.6	443
Water and sewerage—Labor Market Board for special categories	14.4	269
State railroads—Labor Market Board for special categories	10.8	351
Care of monuments, etc.—Central Board for Conservation of Antiquities	3.8	163
Projects for the hard-to-place	1,203.3	81
Local government (Stako) (T-works)	1,095.3	82
Central Government	90.4	70
Army	6.9	74
Central Board for Conservation of Antiquities	6.0	121
Road Administration	4.7	100

SOURCE: National Labor Market Board, Technical Division

with social workers and other personnel to assist in adjustment. The great importance of open air projects as a work solution for alcoholics is indicated by the records of the Vocational Rehabilitation Administration. In 1964, when nearly 3,900 alcoholics (including 30 women) were placed in some form of created work, 3,723 were assigned to outdoor projects, 115 were placed in sheltered workshops, three performed homework, and 45 were given created white-collar jobs.

A recommendation of the tripartite committee on labor market policy called for an increase in sheltered workplaces for alcoholics and others in the special categories. Now instead of the usual single project camp devoted to forestry or road work, work centers are being established which offer a variety of jobs. Projects are conducted either by private contractors through bids or by government units directly. With certain exceptions, private contractors must take workers from the employment service.

A second group consists of the hard-to-place who work for reduced wage rates, usually 15 percent below the hourly rates set by collective agreement for municipal workers. Their work is centrally located and is organized mainly by the municipalities. The third category consists of older workers, especially those who live in isolated areas with few employment opportunities. This group accounts for much of the expansion since 1965 in the numbers of workers on outdoor projects. In the northern counties, where they are relatively numerous, such workers may be as skilled and productive as employed workers elsewhere, but their age and immobility make it doubtful that they will work in competitive jobs again. To the extent that those on special public works are younger, trainable, and mobile, they are not handicapped in the labor market as are the older project workers.

The jobs called "T-works," which Swedish local governments create for the hard-to-place with a state subsidy, are of particular interest because of their variety. Seven broad work categories are listed with 55 specific types of work. Because a high proportion of recreation facilities are publicly owned in Sweden, many of the tasks involve their care and maintenance. For example, project workers clean up and improve children's camp colonies, camping grounds, skating rinks, ski and bobsled slopes, bicycle and hiking paths, miniature golf courses, sports stadiums, ballfields, sports cottages in the mountains, summer homes at the shore, beaches and swimming pools, and playgrounds and sports fields around schools and parks.

Another group of jobs centers around public parks and

cemeteries. Municipalities assign workers to 10 specific types of jobs in this group. The category of nature work includes such jobs as burning leaves; cleaning lakes, rivers, and brooks; and preserving wild areas with rare trees and plants. Those who are assigned to work around historical monuments and museums engage in such specific tasks as excavating old buildings, moving and installing old walls, aiding in museums, cleaning and maintaining tombs, and restoring old country homes and buildings for public display of earlier modes of living.

The portion of "T-works" called "Diverse Works" has the largest number of subheads and is most closely related to urban improvement. These workers aid in snow removal and cleaning public streets, open areas, and industrial grounds. They tidy garbage dumps, storage places for gravel and sand, and other storage areas. They mend fences and tend garden areas and create water supply ponds for firefighting.

In Holland, the range of activities on outdoor projects for the severely handicapped is somewhat narrower because the terrain of the country does not permit forestry works, the population is dense, and the municipalities set most of the created jobs within their own jurisdictions. Some projects are established by the provincial governments, but the bulk are local government ventures. In mid-1965 there were 1,068 separate outdoor projects employing 6,493 handicapped workers. The vast majority of the projects (87.7 percent) had 10 or fewer workers, while another 9.7 percent had 11 to 25 workers. Only 1 percent of the projects had 50 to 200 workers, and none had more. Thus, outdoor projects are definitely small-scale operations, especially in contrast to Dutch sheltered workshops (whose size is indicated in table 7). Many projects are turned over to private contractors, who have their own basic staff. They hire unemployed handicapped persons referred to them by the employment service. These workers lay out and maintain public gardens, parks, bicycle and foot paths, and playgrounds.

The age distribution of persons on Dutch outdoor projects indicates a slightly more important role for older handicapped workers than in Sweden. From 1959 through 1965, those aged 56 to 65 constituted no less than 40 percent of the total and in some years as much as 47 percent. The next lower age bracket, 46 to 55, accounted for over 25 percent each year. Older workers, those over 45, make up a higher proportion of persons on Dutch outdoor projects than in Dutch sheltered workshops. It was the intention of the Dutch program in its early days to draw in "teddy boys," youth under 18 who seemed to be in social or moral danger. But the

boys had so many other opportunities to earn money that they could not be recruited. Young people under 23 have ranged from under 2 percent to over 3 percent of those on outdoor projects from 1959 to 1965.

Women have had few of the jobs; in 1959, only 27 of the 9,765 on outdoor projects were female. In that year only 1,238 women were employed on all created jobs for the handicapped. Although the number of women on projects has increased, the proportion has not kept pace with the rise in the total. However, women have a low rate of participation in the labor force in The Netherlands, and outdoor work would be particularly inappropriate for most of the eligible handicapped women.

Dutch outdoor projects offer a larger proportion of places for the socially handicapped than do sheltered workshops. In 1965, over 31 percent of those on outdoor projects—but less than 12 percent in sheltered workshops—had a character or social problem as their primary work handicap. Usually, the physically handicapped constitute the largest single group on outdoor projects, but about one-fourth of the total number of outdoor workers in 1965 were considered to be primarily mentally handicapped. On the other hand, the outdoor projects take absolutely and relatively few of the "B" workers, those with less than one-third of normal work capacity. Holland has not had a large number of older, able-bodied, immobile workers in its program, as Sweden has.

The recent increase in the numbers on outdoor projects for the handicapped in both Sweden and Holland is paralleled in other northern European countries. It is clearly a useful program in countries which prefer to give the handicapped created employment rather than maintain them in idleness.

encompassed a wide variety of nonmanual workers who were unemployed and hard to place. The range is from the lowest clericals to academics in research work. Displaced shopkeepers, forced out of business by the encroachment of new housing developments, also have been given these jobs.

A special scheme to aid artists is auxiliary to the SWH program. Artists who demonstrate financial need may submit their works for purchase by the municipality, which acts with the advice of a local committee. Purchased works are placed in municipal buildings, and some artists are said to live entirely on the proceeds of sales to the municipalities. Some 600 artists have benefited annually in recent years. Discussions have been held on the possibilities of extending a similar plan to writers and musicians.

Sweden's program, called archive work (*Arkivarbete*), evolved from the designation of some special public works jobs for unemployed professional and technical workers. Later, the program furnished created jobs for those who were deemed handicapped in the labor market and unsuited to special public works projects because of their previous profession, special qualifications, age, or personal circumstances.

The range among persons employed on archive work is much the same as in Holland. A Swedish survey of archive workers in December 1960 showed that half came from professional, technical, administrative, and business jobs, while another 15 percent had been self-employed. As might be expected, the proportion who had completed higher education and technical or professional training was relatively high. These findings were repeated in December 1966.

Sweden has also made a particular point of giving created jobs to refugees and others of foreign birth whose lack of familiarity with the Swedish language prevents them from following their former occupations. The foreign-born are particularly prominent among the oldest archive workers. Matching the Dutch concern for artists is the Swedish job creation program for unemployed musicians (*Musikerhjälp*). The jobs consist of work with amateur orchestras and other nonprofessional musical organizations.

Table 5 shows that the Dutch program for white-collar workers has grown more slowly than the Swedish. In Sweden, a considerable expansion is foreseen because changes in the labor market are increasingly affecting white-collar workers who are handicapped, older, or immobile. However, the number of Swedish musicians on created jobs has remained fairly constant and usually is less than 100.

White-Collar Job Creation

In 1953, The Netherlands established a Social Employment Program for White Collar Workers (*Sociale Werkvoorzieningsregeling voor Hoofarbeiders*, *SWH*). Its objective, according to an official statement, was to provide "appropriate work for brainworkers who cannot obtain suitable work under normal conditions of employment and for whom training and retraining is not desirable or possible, in order thus to enhance, maintain, or restore their fitness for work." Although the term "brainworkers" is used, from its outset the program

The definition of suitable jobs for nonmanual workers and the actual establishment of openings offer a constant challenge to the responsible authorities. In The Netherlands appropriate work originally was defined as that "which would not be carried out but for the subsidies provided under the scheme. Tasks which are part of the ordinary activities of an institution or public department...fall outside the scope of this scheme." Some activities recommended to the municipalities in 1953, provided they were additional to the normal functions of public or nonprofit organizations, were:

- Drawing up of questionnaires and compiling and arranging the results.
- Collecting, compiling, and arranging statistical data.
- Activities on behalf of libraries, museums, and collections.
- Filing.
- Activities connected with scientific research (in or outside of universities).
- Activities connected with disasters (floods, etc.).
- Clerical work of various kinds.

A more recent addition has been the contracting of work from private enterprise, along the lines developed by sheltered workshops. Another trend is a departure from the earlier practice of assigning each worker to his own project. Groups have been established under the direction of an SWH supervisor. They serve as administrative service bureaus, which take contracts from municipal agencies or private enterprise. For example, Caltex contracted out the distribution of all of its promotional literature and materials to an SWH group of 10 to 15 workers. The new element is that SWH groups execute work which is part of the normal activity of a business or governmental organization. Under full-employment conditions, the fears that the handicapped will compete with normal workers have subsided.

In February 1967, the largest SWH group, in Amsterdam, had 118 workers. The individual project must still be quite common, however, because as late as February 1967 the 2,300 SWH workers were employed on 876 separate projects.

A brief account of two Dutch projects may illustrate the range of activities possible for severely handicapped persons. In Rotterdam, a leader and seven men occupied space in various nooks and crannies of a municipal office, mixed with regular civil servants. Half of the SWH group had physical disabilities and half were mentally disabled. Their task was to address postcards to each adult resident of Rotterdam, fixing a time for him to appear at the appropriate medical center for a free chest

X-ray. Those who failed to answer were followed up by the SWH group and given a second appointment. If this SWH group had not arranged specific appointments, the municipality would simply have resorted to general posters and other advertising announcing the free tests. As a result, the medical centers would not have had as steady a utilization of their X-ray equipment, and possibly some residents would have skipped the tests.

Another group did work of historical and legal interest. In the municipal archives, they made and arranged card files, listing every resident of the city as of a particular date and containing other family data. They drew on ancient and decaying papers, and their new lists represented a preservation of records which might otherwise have been lost.

Swedish archive works are similar to the Dutch created jobs for nonmanual handicapped workers, except that private enterprise has not been tapped for contracts. However, some Swedish sheltered workshops do such white-collar jobs for industry. In December 1966, 2,917 archive workers were assigned as follows: 336 in museums, 681 in universities and high schools, 339 in libraries and archives, 793 in government offices and workplaces, 373 in nonprofit organizations, 122 in hospitals, and the remainder in miscellaneous posts. In 1960 some 56 percent were doing clerical work, 19 percent were engaged in archive tasks, and 10 percent were in library, laboratory, and related jobs; the rest had a variety of tasks. These workers do routine officework, typing, checking, and simple cataloging; preserve, sort, and bundle documents; clip newspapers; mark museum specimens; pack and label objects; and do simple printing and bookbinding. Physical labor such as transporting documents or moving historical objects may be part of the job. Qualified professionals are assigned to research or scientific activities.

In 1967-68, 1,416 Swedish establishments provided jobs for 4,130 workers, an average of under three workers per establishment. About 85 percent of the establishments were Central Government agencies, and the remainder were local government bodies. It is proposed that about 200 archive workers with at least 5 years on a project and good work records should be absorbed by the agencies to which they have been assigned and become regular workers at normal rates of pay. This transfer will relieve the Labor Market Board of some expense, benefit workers financially and socially, and prevent agencies from using archive workers for normal operations.

Some examples of jobs in Stockholm include the work of an Estonian minister in his 80's who was organizing

and conducting religious services for other Estonians in their own language. Other men were assisting in restoring, as a national monument, a sunken warship which had been raised in Stockholm harbor after several hundred years of submersion. The preservation of antiquities provides many employment opportunities for archive workers. As in Holland, there has been recent concern about nonmanual workers with severe work handicaps and low skills who need supervision on archive projects. The Swedish officework centers, established by the county labor market boards, have been a partial answer to this problem. In 1967-68, 23 centers had a total of 379 places and planned to expand considerably. Both Sweden and Holland stress the need for a variety of jobs calling for a wide range of skills.

Older people predominate in the created jobs for nonmanual workers. A Swedish survey in December 1960 indicated that 58 was the average age among the 1,530 persons on archive work. In December 1966, 56 percent were over 60. Sweden permits such employment to continue beyond the retirement age of 67, if the person does not receive an old age pension or other income.

West Germany's program is located chiefly in West Berlin and is specifically for older clerical workers whose employment opportunities have been severely limited by the transfer of the federal capital to Bonn. In Holland, where 64 is the upper age limit for entering the program and workers are terminated on their 65th birthdays, older workers are also disproportionately represented.

The program for nonmanual workers, like the sheltered workshops, offers opportunities for women. In Sweden, where married and older women have high labor force participation rates, about one-third of the archive workers have been female; in December 1965 and May 1966, the proportion was about 40 percent.

Swedish archive work has been highly concentrated in Stockholm and its environs because most jobs are created directly by Central Government authorities. The 1960 survey showed that 53 percent of all jobs were in Stockholm, but in 1967-68 the proportion dropped to about 30 percent, in keeping with the recommendations of the tripartite labor market policy committee in 1965 that the municipalities should sponsor a greater share of archive work and that the Central Government should raise its subsidy of wages on municipal projects. In 1966 the subsidy was increased from 20 to 33 percent. The "archive works centers" operated by the County Labor Boards also help to decentralize the work from Stockholm. In Holland, the program is conducted entirely by the municipalities or designated foundations and appears to be well distributed geographically.

The administrative structure which implements the Dutch white-collar (SWH) program is the same as for the manual workers' program. Sweden places authority over archive work initiated in Central Government bodies in the Vocational Rehabilitation Division of the National Labor Market Board. Municipalities, through their unemployment relief committees, apply to the County Labor Boards for approval of projects and state subsidies. Workers must be referred by the local employment service office and are usually assigned to jobs for a fixed period, with a maximum of 6 months. Repeat assignments are possible and trial placements for short periods are also used.

In Sweden and elsewhere it may be anticipated that handicapped white-collar and professional workers will constitute an increasing proportion of all those on created jobs for the handicapped. The planning of desirable individual and group projects may become more difficult as the number of workers increases.

Many northern European countries have initiated or increased their programs for those who require a sheltered environment under the postwar conviction that government has a responsibility to create special jobs, not as a charity but as a right, under the commitment to full employment. While Sweden and The Netherlands continue to be the leaders, a general trend is visible in the expansion of programs in Norway, Great Britain, Denmark, and West Germany and the implementation of legislation in France and Belgium.

It would be misleading to conclude that the programs are free of problems or that they operate at top efficiency. Overall methods of assessing the performance of the various workshops and projects have not been devised. Financial results are important, but they are only one criterion. Problems remain in programs for the handicapped, for example, concerning the importance which should be attached to transfers to the competitive labor market and, in particular, how much staff and time should be devoted to achieving this objective. Excessive turnover on some projects is a continuing administrative problem and cost.

But the existence of problems does not mean that these countries would be prepared to discard their programs if an economist's cost/benefit analysis showed that it would cost the taxpayer less to pay the handicapped the cost of their maintenance than to create jobs. The high social value placed on participating in society through work; the human benefits, even to future generations; and the workers' potential for reentering the competitive labor market are factors which would turn the balance in any acceptable analysis.

SUMMARY AND CONCLUSIONS

European programs to create jobs as an alternative to idleness and dependency among the residual or marginal groups must be seen against a background of persistent full employment at levels unknown in the United States. Furthermore, job creation is truly a last resort, after vocational rehabilitation, retraining, and mobility policies have been tried or considered. When a brief recession period comes, the job creation programs expand, but primary reliance is placed on general economic and specific labor market measures.

Two main types of programs for special job creation have been considered as part of the West European promise of full employment. The first, which we have called special public works, is concerned with workers of average capacity whose location and occupation subject them to periods of unemployment even when labor markets are extremely tight. This method of countering structural, regional, and seasonal unemployment is seen as a bridge to jobs at normal wage rates, particularly for older unskilled and immobile men. Special public works can make a valuable economic contribution, accomplishing projects that provide a contribution to society and that either would not be done at all or would be done only at a much later date. Under European conditions, the job creation programs appear to be free of stigma on the workers or "leaf-raking" charges, in part as a result of using private contractors to execute all projects in Holland and considerable numbers in Sweden.

The second type of job creation consists of sheltered employment for the handicapped. Several countries have instituted extensive programs of job creation for the severely handicapped. In mid-1968, The Netherlands had 42,039 persons in such created jobs, distributed among sheltered workshops; outdoor projects; and special jobs for white-collar, technical, and professional workers.

Under full employment there are economic benefits as well to such a program. There is a net addition to output: useful goods are produced and public services performed. Moreover, government subsidies may be offset by the diminished amounts required for unemployment benefits, pensions, and welfare payments. Expenditures on such job creation also may be offset in part by income taxes paid by disabled workers who become wage earners through created jobs.

Some special factors account for the success of these programs. Many countries in Western Europe are dedicated to long-range, overall planning for economic growth and have an established public works planning organization with a tradition of 5-year plans. Their government departments work well together at all levels, and the quality of local officials is high. Financial commitments are made centrally for a reasonably long period of time, and political differences do not threaten such programs.

A prime asset has been the cooperation of employers and trade unions. They, in turn, have responded well because of long periods of full employment and active government policies to combat departures from a high level of prosperity. Another important factor has been the willingness of men trained in business enterprise to become managers and foremen on projects employing handicapped workers. The transfers are facilitated by the rough equivalence of salaries in the two fields as well as a degree of social acceptance of careers for men in social welfare activities. Solid accomplishment and public respect are generated by the avoidance of crash programs, the provision of long training periods for personnel, relative security with regard to financing from year to year, a sense of permanence, and a careful refusal to promise more than the programs can be expected to achieve.

The general agreement on the importance of work in the life of the individual and the progress of the nation increases the immaterial private and social benefits. The high valuation of work and the high level of social benefits give an underpinning to job creation which sustains its image, fosters its accomplishments, and encourages improvements in operations and cost calculations.

If the United States should decide to offer created jobs on the European scale, at least 700,000 jobs would be required. Many more might be needed in light of higher American unemployment rates and the greater incidence of certain physical, mental, and social disabilities. It might well be argued that the first priority in the United States is to institute the full range of labor market measures on so large a scale that all who could be fitted into the competitive labor market would be removed from the residual group. European countries are firmly persuaded that rehabilitation, retraining, and mobility allowances are better and less expensive expedients than created jobs. Regional development plans also are favored.

Should the United States decide to establish a permanent large-scale program similar to special public works, there are lessons to learn from the European experience. The United States might be well advised to institute a more varied set of projects, which would provide public service jobs for workers other than men who are unskilled manual workers. It also is desirable that these programs have built-in training features and procedures for transferring workers to the competitive labor market. The European use of private contractors and projects on privately owned lands must be evaluated in terms of conditions in the United States.

Certain differences in American conditions might make it possible to initiate a job creation program which would avoid some of the structural limitations of the European programs. An American program would not need to be tied so closely to outdoors work on roads and land improvement but could emphasize supplementary public services which are in short supply in many communities. Opportunities as subprofessional aides could be provided for women, for white-collar workers, and for some who might find outdoor work demeaning.

Public service jobs also offer greater possibilities for upgrading than does outdoor work. At the same time, public service jobs are at present labor intensive, in contrast to road building and other construction work, which is more efficiently done with machinery and skilled workers who do not need created jobs. The problem of bringing created jobs to the workers in areas where

economic development is at a standstill or is declining could be eased by emphasizing supplementary public services, housing, and urban rehabilitation.

An American job creation program presumably would be focused on reducing the substantial residual unemployment and the high differential rates among certain groups. It would operate year round in the central cities. Therefore, the need to make rapid seasonal adjustments in project employment levels, a difficult task for the European programs, would be of less consequence in the United States.

On the other hand, an American program might face some pressures of its own. If employed part-time and full-time workers whose earnings are below those available on full-time created jobs should seek these new jobs, the size and cost of the program could become prohibitive. At a minimum, great pressure would be exerted on low wages in jobs not subject to the Federal minimum wage. To be efficient and acceptable, a job creation program should not promise too much or expand too rapidly. Some limitations on eligibility might be necessary, even if guaranteed employment were the ultimate goal.

If the United States should decide to increase sheltered employment, it should avoid working immediately toward a substantial expansion in American workshops, which now have about 100,000 persons in some form of work experience or sheltered employment. Instead, the Rehabilitation Services Administration should use its good offices and financial influence to help modernize existing workshops, to broaden their admission policies, and to strengthen the base on which a greatly expanded system might be built. In order to have a great increase in the number of sheltered workshops able to offer workers a reasonable income and good working conditions, the private business sector must be willing and able to subcontract work, a situation usually encouraged by acute shortages of labor and factory space, such as Western Europe has experienced. Government contracts to workshops very likely would be insufficient, even if the lowest bidder feature could be circumvented. In the same way, there probably would be an immediate shortage of outdoor projects for the handicapped, if special public works projects had the first claim.

Despite certain inevitable differences, the innovations and experience of Western European countries have much to suggest for American policy in the area of job creation, as in other aspects of labor market policy for the hard-to-employ.

WHERE TO GET MORE INFORMATION

For more information on manpower programs and services in your area, contact your local employment service office or the nearest office of the Regional Manpower Administrator at the address listed below:

Location	States Served		
John F. Kennedy Fed. Bldg. Boston, Mass. 02203 Area Code 617, 223-7248	Connecticut Maine Massachusetts	New Hampshire Rhode Island Vermont	
341 Ninth Avenue New York, N.Y. 10001 Area Code 212, 971-7564	New Jersey New York Canal Zone	Puerto Rico Virgin Islands	
5000 Wissahickon Avenue Philadelphia, Pa. 19144 Area Code 215, 438-5200	Delaware Maryland Pennsylvania	Virginia West Virginia	
D.C. Manpower Administrator 14th and E Streets, NW. Washington, D.C. 20004 Area Code 202, 629-3663	District of Columbia		
1371 Peachtree Street, NE. Atlanta, Ga. 30309 Area Code 404, 526-3267	Alabama Florida Georgia Kentucky	Mississippi North Carolina South Carolina Tennessee	
219 South Dearborn Street Chicago, Ill. 60604 Area Code 312, 353-4258	Illinois Indiana Michigan	Minnesota Ohio Wisconsin	
911 Walnut Street Kansas City, Mo. 64106 Area Code 816, 374-3796	Iowa Kansas	Missouri Nebraska	
411 North Akard Street Dallas, Tex. 75201 Area Code 214, 749-3671	Arkansas Louisiana New Mexico	Oklahoma Texas	
New Custom House 19th and Stout Streets Denver, Colo. 80202 Area Code 303, 297-3091 (Area Office)	Colorado Montana North Dakota	South Dakota Utah Wyoming	
450 Golden Gate Avenue San Francisco, Calif. 94102 Area Code 415, 556-7414	Arizona California Hawaii	Nevada American Samoa Trust Territories	
Smith Tower Building Seattle, Wash. 98104 Area Code 206, 583-7700	Alaska Idaho	Oregon Washington	

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